

# Financial Control Policy

Last updated Feb 2024



Name of Document	PCUK Financial Control Policy
Document Version	Version 1.0
Author	PCUK
Approved by	PCUK Board of Trustees
Type	Policy
Date Approved	16 <sup>th</sup> February 2024
Last reviewed	
Review frequency	Annually
Next Review	16 <sup>th</sup> February 2025

## Version History

Version	Date	Description
1.00	02.2024	Original Document

## Contents

Applicability.....	2
Separation of Duties .....	2
Conflict of Interest .....	2
Contracting.....	2
Financial Reporting .....	2
Cash.....	2
Banking.....	3
Income .....	3
Expenditure.....	4
Travel Expenses.....	4
Assets .....	4
Other Issues .....	5
Records. ....	5

## **Applicability**

This policy applies to all trustees, other volunteers, employees, contractors, and third-party representatives of our charity. Its requirements should be reflected in other policies and procedures, agreements and contracts, as necessary.

## **Separation of Duties**

No one person may both authorise and pay any payment or transfer. For example, an on-line banking payment or credit card transaction.

## **Conflict of Interest**

No individual may:

- Authorise or make changes to his or her own pay or personnel entitlements or records, or;
- Make payments or enter into contracts with family members or organisations in which they have an interest, either directly or through a close family member.

## **Contracting**

A robust contracting process is to be implemented with major contracts openly tendered, subject to board scrutiny and approval, and retendered every 3 to 5 years. Contracts and other agreements should be recorded in a simple contracts register and each reviewed annually to ensure these continue to meet the charity's needs and offer good value for money.

## **Financial Reporting**

Up to date financial reports should be submitted to the Board regularly. Reports should use simple clear English that all board members will be able to understand and.

- Explain the charity's current and likely future financial position.
- Focus on the key issues and risks, the action being taken to address these and the expected outcome.
- Highlight any significant deviations from budget or funding shortfalls.

## **Cash**

- Cash is secured under lock and key.
- Access is restricted to those who need access.
- A cash limit is set that is within the insurance limit.
- Cash is not sent through the post.
- Cash and cheques are banked regularly, particularly if significant sums of cash are received.
- Cash is banked 'gross' – that is income is not netted off against other expenditure. All transactions must be recorded.
- Cash is kept separate from personal money and is never used for personal expenditure.
- Where significant sums are to be banked, two individuals escort the money and it is transported by car, not on foot. In the event of a robbery, the money is to be handed over without resistance.
- Cash payments are avoided wherever possible.

## Banking

**Bank Accounts.** Bank, savings and any other form of investment are only to be opened with the written approval of the Board.

- The account is to be reconciled at least monthly.
- The bank reconciliation, statement, cashbook, chequebook and any other supporting documentation are cross checked.

These checks are to be made by someone other than the person concerned with the original recording of the transactions.

Bank mandates, account signatories and e-banking access are to be kept up-to-date and individuals may only be added with the written approval of the Board. The list of people with access and their access levels are to be reviewed annually, as part of the audit preparation process.

**Cheques.** All cheque stubs should be completed fully.

Cheque books are to be secured under lock and key, must be used in sequence and only one cheque book is to be held at any time.

**International Transfers.** There are specific risks and regulations, such as the Financial Action Task Force (FATF), relating to transferring currency internationally. There are also specific regulatory requirements in some countries and strict HMRC guidelines on transferring charitable funding overseas that must be complied with. The advice and approval of the Treasurer is to be sought in all cases.

## Income

Regular checks are to be carried out to ensure that records are being accurately maintained and that there are no discrepancies in the accounting records. Specifically, that:

- Records of cash and cheques received agree with bank paying-in slips;
- The paying-in slips equate with the bank statements, both in terms of amount banked and date of credit; and
- All transfers or other direct payments into the bank can be identified and verified against paperwork.

**Restricted funds** - are to be accounted for separately to ensure these are only used in accordance with donors' restrictions.

**Multi-year funding** - is to be accounted for in a way that ensures future year funding is not inadvertently spent in the current accounting year.

**Anonymous or suspicious donations** - are to be subject to appropriate due diligence to minimize the risk of fraud.

## Expenditure

**Approval and Payment.** All expenditure must be properly authorised, represent good value for money and be on appropriate items or services. Delegations and any subsequent changes are to be issued in writing and clearly specify budget lines and limits.

Authorising officers are to check invoices received against orders and confirm that the goods or services have been received, are correctly priced, with any discounts or credit notes taken into account and sales tax (eg VAT) excluded if appropriate, before authorising payment.

The Treasurer is to check each invoice before payment. Any that have not been appropriately authorised should be rejected and remain the personal responsibility of the individual who incurred the expenditure.

## Travel Expenses.

Claims should be countersigned by the Chair to confirm that the journey was valid, undertaken and the amounts claimed were reasonable in the circumstances. Expenses claims are to be checked by the Treasurer to ensure that the expenses policy has been complied with.

## Assets

**Fixed Assets and Equipment.** Purchases of assets that have a life expectancy of, and will provide benefit for, more than one financial year may be treated as capital items and their value written down over the lifetime of the asset.

- A fixed asset register is maintained and reviewed annually.
- Items are allocated inventory codes and marked accordingly.
- Subsequent to the annual review, insurance cover is reviewed to prevent being under or over insured.
- Staff do not remove assets or items of equipment without prior approval.

### **Cryptoassets**

In deciding whether we will accept and hold donations of cryptoassets, or not, we will assess the opportunities, benefits, risks and limitations. In doing so, we will ensure that we either have or source relevant expertise. If we decide to accept cryptoassets, we will implement appropriate financial and other controls, and manage the risk on an ongoing basis.

## **Other Issues**

**Fraud/Bribery.** If fraud is suspected it is to be brought to the attention of the Chair

**Losses.** Any losses are to be investigated. The amount and circumstances of the loss are to be determined and, in particular, whether the loss arose from weaknesses in procedures and/or a failure to apply procedures correctly. Appropriate action is to be taken to ensure no further losses occur, arising from similar circumstances. The value of any item is to be at realisable value. Any loss must be approved for write off in line with the delegations from the Board. The loss is to be written off on the accounting system and the record of investigation and approval for write-off filed for audit purposes.

Records.

- Records are to be retained in accordance with the documents policy. In particular, cashbooks and other prime books of account are retained for 7 years and supporting vouchers for 18 months.
- A secure archive is identified and records kept under lock and key.
- The archive is organised to enable records to be easily identified and retrieved.

### **Experience and Training.**

- On appointment, appropriate work references are taken up and qualification certificates checked.
- Staff are competent and properly trained to carry out their duties in relation to finance.

- Staff are made aware of relevant financial policies on appointment and those with financial responsibilities are briefed by the finance team as part of their induction process.
- Relevant financial policy requirements are included in the Staff Handbook and job descriptions.
- That this and other guidance is readily available to staff and brought to their attention.

## IT and Online Security

- Security software, such as anti-virus and firewalls, are to be kept up-to-date, preferably by automatic renewal.
- There are effective controls for authorising and managing access.
- Software updates are installed promptly.
- Passwords are strong, not shared and changed regularly.
- Data is remotely backed-up on a regular basis.
- There are disaster recovery procedures that would restore data quickly and fully enough; these have been tested.
- No sensitive financial information is to be entered into Large Language Model AI systems, such as ChatGPT or Bard.
- Financial information, including back-ups, stored on shared drives is accessible only to those who need to have access to it.
- Adequate security procedures are in place for online purchasing.
- Staff and volunteers are aware of what they need to do (and not do) to maintain online security.

On leaving the organisation, an individual's accounts are to be disabled.