Financial Controls Policy

The Okehampton Foodbank CIO

1. Purpose and Responsibility

The purpose of this policy is to ensure that the charity's funds and assets are properly managed, safeguarded and used only in furtherance of its charitable purposes.

The Trustees are collectively responsible for the financial management of the charity and for ensuring that appropriate financial controls are maintained. Day-to-day financial responsibilities may be delegated to the Treasurer, Coordinator or other authorised persons, but this does not remove the Trustees' overall responsibility.

The charity will maintain financial records and controls sufficient to ensure that:

a. it complies with the Charities Act 2011, applicable Charity Commission requirements, HM Revenue & Customs requirements, its governing document and any other relevant legal obligations;

b. the Trustees have accurate and timely information about the charity's financial position;

c. the charity's money and assets are protected from loss, fraud, misuse or unauthorised expenditure;

d. restricted funds are used only for the purposes for which they were given; and

e. the charity complies with the financial requirements of grant funders and other contractual arrangements.

2. Financial Records and Accounts

The charity will maintain accurate and up-to-date accounting records.

These will include, as appropriate:

a. records of all income and expenditure through the charity's bank, savings and other financial accounts;

b. records of cash received and any petty cash transactions;

c. invoices, receipts, grant documentation and other evidence supporting financial transactions;

d. payroll and HMRC records where the charity employs staff;

e. records identifying restricted, designated and unrestricted funds;

f. records of significant assets owned by the charity; and

g. any other financial records required by law or reasonably necessary for the proper management of the charity.

Financial and accounting records will normally be retained for at least six years, or for longer where required by law, HMRC, a funder or another contractual obligation.

3. Annual Accounts, Budget and Financial Reporting

a. Annual accounts will be prepared for each financial year in accordance with applicable charity law, accounting requirements and the charity's governing document.

b. The Treasurer will aim to prepare the year-end accounts within three months of the end of the financial year.

c. The Trustees will formally approve the annual accounts and Trustees' Annual Report before they are submitted to the Charity Commission.

d. The annual accounts will be presented to members at the Annual General Meeting where required by the charity's governing document.

e. Before the start of each financial year, the Trustees will approve an annual budget setting out anticipated income and expenditure.

f. The Treasurer will provide the Trustees with regular management information showing actual income and expenditure against budget. This will normally be provided at least quarterly and, where practicable, at each ordinary Trustee meeting.

g. Significant variances from budget, unexpected expenditure or material changes in income will be brought to the attention of the Trustees promptly.

h. The accounts will be subject to an independent examination or audit where required by charity law, the charity's governing document, the Charity Commission or a funder. The Trustees will appoint a suitably independent and appropriately qualified person where required.

4. Banking

a. All bank, savings, PayPal and other financial accounts must be held in the charity's registered name.

b. The charity's principal bank account is held with Lloyds Bank.

c. The opening or closing of any bank, savings or other financial account must be authorised by the Trustees and recorded in the minutes.

d. The bank mandate and authorised signatories will be approved by the Trustees. Any changes must also be authorised and minuted.

e. The Trustees will ensure that, as far as reasonably practicable, no single individual has unchecked control over the charity's funds.

f. Bank statements and accounting records will be reconciled at least monthly. Any discrepancy will be investigated promptly.

g. Online banking access, passwords, authentication devices and security information must not be shared between users.

h. Payments must be authorised in accordance with the bank mandate and the charity's agreed authorisation procedures.

i. Direct Debits and Standing Orders will be reviewed periodically and at least annually.

j. The charity will not obtain an overdraft, loan or other borrowing facility without the prior approval of the Trustees and compliance with any requirements of the charity's governing document or charity law.

5. PayPal and Online Donations

a. The charity may maintain a PayPal or other approved online payment account for the receipt of donations.

b. Access will be restricted to persons specifically authorised by the Trustees.

c. Transactions through online payment platforms will be incorporated into the charity's accounting records and reconciled regularly.

d. Appropriate security measures, including individual passwords and multi-factor authentication where available, must be used.

6. Income

a. All money received by or on behalf of the charity must be recorded promptly and accurately.

b. Cash received will be counted and banked as soon as reasonably practicable.

c. Where practicable, cash should be counted by two people and a record made of the amount received.

d. Donations subject to restrictions imposed by a donor or funder will be separately identified in the charity's accounting records.

e. Restricted funds must not be used for general expenditure unless their terms expressly permit this.

7. Payments and Expenditure

The purpose of the charity's expenditure controls is to ensure that all expenditure:

- furthers the charity's purposes;
- is properly authorised;
- represents appropriate use of charitable funds; and
- can be supported by an adequate audit trail.

a. The approved annual budget provides authority for normal expenditure within the limits and purposes set by the Trustees.

b. Expenditure materially outside the approved budget must be referred to the Trustees for approval.

c. No person may authorise a payment to themselves without independent approval by another authorised person.

d. Where practical, responsibility for ordering goods, approving expenditure and making payment should be separated between different people.

e. Payments will normally be made electronically from the charity's bank account.

f. Personal bank accounts must not be used to hold charity funds.

g. Trustees, staff and volunteers must seek reasonable value for money when purchasing goods or services on behalf of the charity.

8. Debit and Payment Cards

a. Charity debit or payment cards may be issued only to individuals authorised by the Trustees.

b. The names of cardholders will be recorded and approved by the Trustees.

c. Cards may be used only for legitimate charity expenditure.

d. Cardholders must retain an invoice, receipt or other appropriate evidence for each transaction and provide it promptly for the charity's accounting records.

e. Personal expenditure on a charity card is prohibited.

f. Lost or stolen cards must be reported immediately to the bank and to the Treasurer or Chair.

g. Card access must be withdrawn promptly when a cardholder no longer requires it.

9. Payment Documentation

a. Every payment must, so far as reasonably practicable, be supported by appropriate documentation such as an invoice, receipt, contract, order confirmation or other evidence of the expenditure.

b. Electronic invoices and receipts are acceptable and may be retained electronically.

c. Documentation must clearly show the nature and purpose of the expenditure.

d. Financial records must provide a clear audit trail between the supporting documentation, accounting records and bank transaction.

e. Where supporting documentation is exceptionally unavailable, the reason must be recorded and the expenditure independently authorised.

10. Expenses

The charity will reimburse reasonable expenses necessarily incurred by Trustees, staff or volunteers in carrying out authorised charity activities.

Claims should be supported by:

a. tickets or receipts for public transport;

b. invoices or receipts for other expenditure; and

c. a mileage record for authorised use of a private vehicle.

Mileage will normally be reimbursed at a rate approved by the Trustees, having regard to HMRC's approved mileage rates.

Expense claims should identify the nature, date and purpose of the expenditure.

No person may approve their own expense claim.

11. Financial Commitments and Contracts

a. The charity accepts liability only for financial commitments that have been properly authorised.

b. Any individual order, contract, purchase, hire agreement or other commitment with a value exceeding **£1,000** must receive prior approval from the Trustees and that approval must be recorded in the minutes.

c. Where appropriate, quotations or alternative prices should be obtained to demonstrate reasonable value for money.

d. In exceptional or urgent circumstances, expenditure exceeding £1,000 may be authorised jointly by the Chair and Treasurer where delay would materially prejudice the charity's interests.

e. Any expenditure authorised under paragraph (d) must be reported to the Trustees as soon as reasonably practicable and formally recorded at the next Trustee meeting.

12. Fundraising and Grant Applications

a. Fundraising and grant applications made on behalf of the charity must be made in the charity's registered name.

b. Applications should normally receive prior approval from the Chair, Treasurer and Secretary, or from the Trustees collectively.

c. Any conditions, match-funding requirements, reporting obligations or financial commitments associated with a grant must be identified before an application is submitted.

d. Where an application deadline makes prior approval impracticable, an application may exceptionally be submitted provided that:

- it does not expose the charity to unreasonable financial or contractual risk;

- the Chair, Treasurer or Secretary is informed as soon as possible and normally within seven days; and
- the application is reported to the Trustees at their next meeting.

e. Acceptance of any grant containing significant financial obligations or conditions remains subject to Trustee approval.

13. Assets and Equipment

The charity will take reasonable steps to safeguard its property and equipment.

a. A fixed asset or property register will be maintained for assets of significant value.

b. The register should record, where applicable:

- a description of the asset;
- date of purchase;
- purchase price or value;
- serial or identification number;
- normal location;
- person responsible for it, where appropriate; and
- date and method of disposal.

c. Significant assets will be periodically checked to confirm that they remain in the charity's possession and are being used for charity purposes.

d. Disposal of significant assets must be appropriately authorised and recorded.

14. Reserves, Savings and Contingency Funds

a. The charity will seek to maintain adequate unrestricted reserves to protect the continuity of its services and meet foreseeable financial commitments.

b. The charity's target contingency reserve will be **not less than £10,000**, unless the Trustees determine that a different level is appropriate following a review of the charity's financial circumstances and risks.

c. The contingency reserve will normally be held in an appropriate interest-bearing savings account.

d. Withdrawals from the contingency reserve or savings account require Trustee approval.

e. Where urgent circumstances make prior approval by the full Trustee body impracticable, the Chair and Treasurer may jointly authorise a withdrawal, which must be reported to and ratified by the Trustees at the earliest opportunity.

f. Restricted funds will continue to be identified separately even where they are physically held in the same bank or savings account as unrestricted funds.

15. Management of Donation Income

a. Subject to adequate operational cash flow and any restrictions applying to particular donations, the charity will aim to transfer **25% of unrestricted donation income** to its savings or reserve account.

b. The Trustees may suspend or vary this transfer where necessary to maintain the charity's services, meet liabilities or respond to exceptional circumstances.

c. As a financial management objective, routine expenditure funded from unrestricted donations should normally be planned so that sufficient funds are retained to support the charity's reserves and future operations.

d. The Trustees may authorise expenditure above this level where satisfied that the charity has sufficient resources and that the expenditure is in the charity's best interests.

16. Fraud, Financial Irregularity and Conflicts of Interest

a. Any suspected fraud, theft, misuse of charity funds or significant financial irregularity must be reported immediately to the Chair and Treasurer, unless either is implicated, in which case it must be reported to another Trustee.

b. The Trustees will investigate concerns promptly and take appropriate professional, banking, insurance, regulatory or legal advice where necessary.

c. Serious incidents will be reported to the Charity Commission where required.

d. Trustees must declare any actual or potential conflict of interest relating to a financial decision and must comply with the charity's conflicts of interest procedures.

17. Review of Financial Controls

The Trustees will review this policy and the effectiveness of the charity's financial controls at least annually.

The policy will also be reviewed following:

- any significant financial loss or suspected fraud;
- a material change in the charity's activities or financial arrangements;
- the opening or closure of a bank or payment account;
- significant changes in staffing or financial responsibilities; or
- relevant changes in legislation or Charity Commission guidance.

Any amendments to this policy must be approved and minuted by the Trustees.

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