

BATTLE SCARS CIO FINANCIAL CONTROLS POLICY

Introduction	
Organisation	Battle Scars
Scope of policy	Applies to all trustees, staff and volunteers and general running of the organisation.
Policy operational date	15/01/24
Policy prepared by	Jenny Groves – CEO
Reviewed:	-
Amended	-
Date approved by Board	15/01/24
Policy review date	By 31/01/25 Annually or sooner if required Also annually do the <i>Checklist for reviewing your charity's internal financial controls (appendix below)</i>
Distributing	This policy will be available on the Battle Scars website. It will be a requirement for all trustees and staff to read the policy after appointment or after its review. A summary of all relevant policies will be included in the volunteer handbook with clear signposting to the full text. Volunteers will be kept up to date with any changes that might affect their role.
Introduction	
Scope	<ul style="list-style-type: none"> • The Board of Trustees of Battle Scars is responsible for: <ul style="list-style-type: none"> ○ Safeguarding the assets of the charity ○ Preventing fraud ○ Avoiding mistakes ○ Keeping financial records in accordance with the governing document, relevant legislation and the requirements of compliance bodies (e.g. Charity Commission, HMRC). ○ Preparing Annual Accounts in accordance with the governing document and relevant legislation e.g. Charities Acts. • To enable the Board of Trustees to carry out these responsibilities, the Financial Procedures detailed below must be followed at all times by all Board members, staff and volunteers. • Battle Scars will adhere to good practice in relation to its finances at all times.
Financial Procedures	
Organisational Information	<ul style="list-style-type: none"> • Battle Scars Financial Year runs from 1 April to 31 March. • Independent Examiner: WYCAS

<p>Bank accounts</p>	<ul style="list-style-type: none"> • Battle Scars banks with NatWest at its Leeds City Office Branch and accounts will be held in the name of Battle Scars. • The bank mandate (list of people who can sign cheques on the organisation’s behalf) will always be approved and minuted by the trustees as will any changes to it. • Changes to the bank mandate may only be made by a decision of the Board of Trustees, which must be minuted. • Battle Scars will require its bank to provide regular statements and these will be reconciled with the cash book at least every three months and the Treasurer will spot check that this reconciliation has been done at least twice a year. • Battle Scars will not use any other bank or financial institution or use overdraft facilities or loan without of the agreement of the Board of Trustees. • New accounts may only be opened by a decision of the Board of Trustees, which must be minuted. • No account may ever be opened in the name of an individual or individuals. • Blank cheques must never be signed. • All cheques must be signed by two signatories (non-related or living in the same household) who are responsible for examining the cheque for accuracy and completeness. • Cheque signatories are also responsible for examining the payment documentation (e.g. invoice) prior to signing the cheque and ensuring that payment has been authorised according to the <i>Expenditure, Authorisation and Payment</i> section below. • Two people should be involved in counting cash receipts. • Current Internet banking facilities only allow for one signatory to authorise transactions and transfers between accounts. • All monies received will be recorded promptly and banked as soon as possible. Battle Scars will maintain files of documentation to back this up.
<p>Accounting and other financial records</p>	<ul style="list-style-type: none"> • Financial records must be kept so that: <ul style="list-style-type: none"> ○ The organisation meets its legal and other statutory obligations ○ The trustees have proper financial control of the organisation. ○ The organisation meets the contractual obligations and requirements of funders. • Accounts must be drawn up at the end of each financial year within 3 months of the financial year end. • Accounts must be presented to the next Annual General Meeting. • An annual budget, setting out the organisation’s financial plan for the year, will be prepared by the CEO for the Board of Trustees’ approval before the start of each financial year.

	<ul style="list-style-type: none"> • The AGM will appoint an appropriately qualified auditor/ independent examiner to audit or examine the accounts before presentation to the next AGM. • The organisation maintains a computerised accounting system which records: <ul style="list-style-type: none"> ○ Online banking transfers, cheques and cash received and banked ○ Online banking transfers, card and cheque payments, other amounts paid from the bank accounts and cash payments. • Every transaction will be entered into the appropriate record and will include: <ul style="list-style-type: none"> ○ The date of the transaction ○ The name of the person or organisation money was received from or paid to and the full amount ○ A brief description of why the money was received or paid ○ An analysis of each amount under its relevant budget and restricted fund heading, where applicable. • All documents relating to receipts and payments will be filed in the month they are inputted into the online system (QuickBooks). • In the event of Petty Cash being stored at the office, the amount must not exceed £50.00. Any petty cash must be kept securely locked in the cash box. The key must be securely kept on the premises. All expenditure must be logged and a record kept of expenditure along with a record of top-ups. These records must be reconciled monthly and the paperwork submitted to the Treasurer. Petty Cash can only be used to cover small transactions or when payment by cash is the only option. • All expenses, including for volunteers, should be supported by evidence i.e. original receipt, payment request or invoice and be recorded in line with HMRC requirements. Round sum expense payments should not be made. • Car mileage is based on local authority scales. • No cheque/payment signatory may sign for the payment of expenses to themselves. • Cash donations being made to the organisation and membership fees paid in cash or by cheque will be banked as soon as possible and recorded in the system accordingly. The CEO or Treasurer will safekeep the cash until banked. • All cheques must be made payable to Battle Scars. • Any records of Gift Aid claims will be kept in line with HMRC requirements
<p>Financial Reporting</p>	<ul style="list-style-type: none"> • A financial report will be prepared by the Treasurer for every Board of Trustees meeting. • The financial report will include progress against the annual budget including income and expenditure, restricted funding and projects, highlighting any risk areas.

	<ul style="list-style-type: none"> • Each financial report will be discussed at the committee meeting.
<p>Expenditure, Authorisation and Payment</p>	<ul style="list-style-type: none"> • All expenditure must be in line with Battle Scars' budget and budgets agreed for specific projects. • Any variation in budget categories must be agreed by the Treasurer and, where necessary, with the relevant funding body. • No trustee or staff member may authorise payment to themselves, their partner or relatives. • Cheque books will be kept locked in the office with designated key holders. • All orders or expenditure must be authorised by the Manager or Treasurer • The Treasurer (or Chair in their absence) must approve orders or the purchase of any item over £1,000. • Any orders placed or undertakings given which are likely to cost Battle Scars in excess of £5,000 must be authorised by Treasurer or Chair – with prior approval minuted by the Board of Trustees. • In exceptional circumstances, such undertakings can be made with the Chair's approval who will then provide full details to the next meeting of the Board of Trustees. (This covers such items as the new service contracts, office equipment, purchase and hire). • Payments over £10,000 will need authorisation by the Chair or Treasurer with prior agreement of the Board which will be minuted. • All fundraising and grant applications undertaken on behalf of the organisation will be done in the name of Battle Scars. • Every payment out of Battle Scars' bank accounts will be evidenced by an original invoice (never against a supplier's statement or final demand). That original invoice will be retained by Battle Scars and filed. • Card payments will be evidenced by receipts or order details. • All Invoices (or other receipts) should be matched and checked and evidence of goods received before payment is authorised. All goods received must be signed for; if unchecked they must be checked for completeness before payment. • No cheques should be signed without original documentation. • The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed. • Once payment has been made the invoice (or other receipt) should be marked "Paid", together with the date. • All payments must be entered in the computerised accounting system after being authorised and paid.

Debit cards	<ul style="list-style-type: none"> • The bank will issue up to 4 debit cards which will be distributed as follows: <ul style="list-style-type: none"> ○ CEO ○ Treasurer ○ 2 nominated trustees
Cash withdrawals	Cash withdrawals will be made by card holders only if necessary. Use of the debit card is encouraged instead. If cash is used, receipts must be obtained and unspent money must be banked.
PayPal	PayPal monies will be transferred to the bank account approximately at the end of each month by the CEO. A full breakdown will be provided to the treasurer and recorded accordingly, i.e. donations, training booking fees, membership fees, merchandise, publications, etc.
Salaries and Payroll	<ul style="list-style-type: none"> • There will be a clear trail to show the authority and reason for every payment made. • Payroll is managed by VAL Payroll. • All employees will be paid within the PAYE and National Insurance regulations. • All employees (including sessional and part time employees) must be asked to complete the relevant PAYE form/s (New Employee Form) before they receive any payment so that the appropriate tax code can be applied. • Proof of ID, i.e. copy of photo driving license or passport should be requested. • Payroll records as required by HMRC must be kept. • All staff appointments and changes (including to terms and conditions of employment) must be authorised and minuted by the Board of Trustees.
Insurance	<ul style="list-style-type: none"> • Appropriate Insurance policies will be maintained to cover: <ul style="list-style-type: none"> ○ Employer's Liability ○ Public Liability ○ Contents • An inventory of all physical assets of the organisation will be kept and regularly updated. • Insurance documents will be stored on the Battle Scars OneDrive.
Reserves Policy	<i>See Battle Scars Reserves Policy</i> detailing funds set aside for contingencies including for the wind down of the organisation should this become necessary.
Other	The Battle Scars bank account is regularly monitored and any anomalies will be immediately investigated.
Policy review	
Responsibility	It is the responsibility of the CEO to review this policy unless the task has been delegated to an appropriate trustee or employee before the policy review date.
Procedure	All volunteers and employees can have input in this policy's review via their supervision.

Timing	The review must be completed within a month of the review date.
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Appendix: Checklist for reviewing your charity's internal financial controls

Date of completion: 08/10/2023

Use this checklist to check your charity's internal finance controls against the legal requirements and good practice recommendations in [Internal financial controls for charities \(CC8\)](#).

You should review your charity's internal financial controls at least once a year.

Answer the checklist based on your knowledge of what actually happens in your charity, not what you expect to happen.

Each of the points on the checklist links to a section of the guidance which you should read for full details.

Not all the controls set out below are appropriate for all charities. Only use the sections relevant to your charity's activities.

You must always comply with legal requirements identified in the checklist which are relevant to your charity.

A 'yes' answer for good practice recommendations does not mean there is no scope for further improvement. A 'no' answer does not always indicate a problem. For example, you may not have a particular control because it would not be appropriate for your charity's size or activities. Or it may be a reasonable risk for your charity, given the cost of putting in place stronger internal controls.

GENERAL PRINCIPLES FOR ALL CHARITIES		
1 Understand the types of controls appropriate for your charity	Yes	No
Your charity's financial controls cover all aspects of how your charity handles money	✓	
You seek professional advice where you are not sure what controls are appropriate for your charity	✓	
2 Understand your charity's financial information	Yes	No
All trustees are given regular information about the financial performance of your charity	✓	
You discuss the financial performance of your charity at each trustee meeting	✓	
You have terms of reference for any finance sub-committee, or similar sub-groups of the trustee board		
If you have a finance sub-committee it reports to the full board of trustees in line with terms of reference		
3 Preparing accounts and reports	Yes	No
You keep appropriate accounting records of all transactions (legal requirement)	✓	
The charity's accounts comply with the relevant legal requirements (legal requirement)	✓	
You prepare an annual report (legal requirement) and accounts which are formally approved by trustees at an annual meeting	✓	
You have appointed an auditor or independent examiner (legal requirement for charities with gross annual income of over £25,000)	✓	
New trustees are given a copy of the latest accounts, relevant guidance and the charity's governing document	✓	
You file the annual report and accounts with the Charity Commission on time (legal requirement if your charity's gross annual income exceeds £25,000 or you are a Charitable Incorporated Organisation (CIO) and you are not an exempt or excepted charity)	✓	

You file your charity's annual return on time (legal requirement if your charity is a Charitable Incorporated Organisation (CIO) or has a gross annual income of over £10,000)	✓	
4 Embedding internal financial controls	Yes	No
Controls are understood and followed by everyone within your charity	✓	
Training is provided on your charity's financial controls and policies		✓
5 Monitoring financial performance	Yes	No
Budgets setting out income and expenditure are prepared and approved by the trustees	In progress	
Performance is measured against budgets at regular intervals and explanations are provided for any differences	✓	
6 Reviewing and monitoring your internal financial controls	Yes	No
You carry out an annual review of your charity's internal financial controls	✓	
You have considered whether you need to appoint an internal auditor or set up an audit committee		
7 Splitting financial duties between people	Yes	No
Financial duties are split between people to provide 'double check' on all transactions	✓	
8 Recording and reporting incidents	Yes	No
Your charity has procedures for recording incidents and reporting suspicions internally, to the Commission and to other relevant bodies which are well-known and working		✓
OPERATIONAL RISKS	Yes	No
Trustees and staff know why the charity is at risk from financial crime and abuse and know of typical examples of potentially fraudulent activities	✓	
Your charity has appropriate policies in place which could include an anti-bribery policy, policies on the acceptance of hospitality, the acceptance of donations and a register of interests	✓	
Your charity has policies and controls for access to and storage of data which complies with the General Data Protection Regulation (GDPR)	✓	
Your charity's electronic equipment and online systems are appropriately protected	✓	
INTERNAL FINANCIAL CONTROLS FOR BANKING		
Bank and building society accounts	Yes	No
You have a bank or building society account in the name of your charity	✓	
You have a list of your charity's bank and building society accounts, which is regularly reviewed	✓	
You carry out regular reconciliations between your accounting records and bank statements	✓	
Instructions to open or close accounts are properly authorised and reported to trustees	✓	
You check there are no unused accounts	✓	
You monitor accounts to ensure there is no third-party use	✓	
You regularly review the costs, benefits and risks of your charity's current and deposit accounts	✓	
The bank mandate requires at least two signatories	✓	
Online banking	Yes	No

Your online banking system requires authorisation of transactions by two individuals		✓
All electronic devices, such as laptops, phones and tablets, are kept secure with up-to-date anti-virus and spyware software and a personal firewall	✓	
Trustees, staff and volunteers understand the need to ensure that the charity's security details (including the password and PIN) are not compromised	✓	
PINs and passwords are regularly changed		✓
Your charity maintains a list of people who are approved to have access to the PIN and password	✓	
Your charity keeps an audit trail of electronic banking transactions	✓	
Cash held in your charity's bank or building society account	Yes	No
You carry out regular reconciliations	✓	
You regularly check direct debits, standing orders and other transfers	✓	
Banking cash and cheques	Yes	No
Cash and cheques are banked promptly and (before then) stored safely	✓	
Your charity has insurance to cover the contents of the safe or cash box and cash in transit		✓
Funds are banked without deduction of expenses	✓	
Alternative banking methods	Yes	No
You have policies in place that define when alternative banking methods may be used [PayPal]	✓	
You limit alternative banking methods to essential transfers where regulated banking systems cannot be used [unsure what this means...]		
Your charity keeps an audit trail of alternative banking transactions	✓	
Your charity ensures that the same authorisation procedures for payments in the regulated banking system are used for alternative banking transactions		✓
INCOME		
Income from donations	Yes	No
Your charity regularly checks that all eligible tax repayments are obtained		
Your charity has procedures to identify 'tainted charity donations'		✓
Donations received from public collections and fundraising events	Yes	No
Public collections are undertaken in line with the rules set out in our guidance [link to CC20] (legal requirement)		✓
Your charity complies with Part II of the Charities Act 1992 where professional fundraisers are engaged (legal requirement)		
Collection boxes are numbered and their allocation and return recorded		✓
Collection boxes are sealed before use		✓
Collection boxes are regularly opened and counted by the charity and you keep a record of their locations and history of takings		✓
Collections are counted in the presence of the collector and a receipt given to them		✓
Two people are involved in counting and recording the income		✓
Cash is banked as soon as possible and without deduction of expenses	✓	
Records are maintained for each fundraising event		
For ticket incomes: Tickets are pre-numbered		
Records are kept of who is in charge of which tickets to sell, and which ticket numbers they have been allocated		

Records are kept of which tickets are sold and unsold tickets are collected		
Reconciliations are made of money received against tickets sold		
Income and donations received online and by card readers	Yes	No
Card readers are kept securely		
You reconcile the transaction history with income in your charity's bank account	✓	
You comply with the Payment Card Industry standards	✓	
Income and donations received by post	Yes	No
Post is held securely before it is opened	✓	
Post is opened in the presence of 2 people		✓
Claiming Gift Aid on donations	Yes	No
Your charity maximises of its use of Gift Aid and its use of Gift Aid is lawful		
Your charity keeps the records required by HMRC for Gift Aid claims (legal requirement)		
Donations of cryptoassets	Yes	No
You understand the risks of holding or accepting cryptoassets and have the expertise to manage them		
You have a policy on holding or accepting cryptoassets		
Your crypto wallet is compliant with UK regulations and registered with the Financial Conduct Authority		
You regularly review the benefits of holding or accepting cryptoassets against the risk		
Income from trading that the charity undertakes	Yes	No
You have a pricing policy for the goods and services supplied	✓	
You have invoicing procedures for goods and services supplied	✓	
You review outstanding debts and collection procedures	✓	
You have procedures to reconcile amounts invoiced and cash received to outstanding invoices	✓	
Income from legacies	Yes	No
Your charity identifies and monitors the receipt of legacies and records legacies correctly in accounts		
INTERNAL FINANCIAL CONTROLS FOR EXPENDITURE		
Expenditure on goods and services	Yes	No
You have a policy on the authorising of expenditure	✓	
Invoices received are checked against orders, and the receipt of the goods or services ordered is checked	✓	
Payments by debit, credit or charge cards	Yes	No
You have a policy for the use of payment cards, including the criteria for their issue, spending limits and security	✓	
Those who have a card has a copy of the payment card policy	✓	
Cards are cancelled and destroyed where necessary, such as when cards are lost	✓	
All card expenditure is supported by receipts and invoices and recorded in the accounting records	✓	
Card statements are sent to a different person than the card holder and checked against supporting records and invoices	✓	
You review your card use policy and check periodically that users follow it	✓	

Mobile payment services, such as Google Pay and Apple Pay	Yes	No
You have the same controls as above for debit, credit or charge cards		
Payments by bank transfer, Bankers' Automated Clearing Services (BACS), Direct Debits and standing orders	Yes	No
Only named individuals are authorised to set up these types of payments	✓	
You use a dual authorisation system for bank transfers and BACS payments		✓
You monitor the arrangements to ensure that automatic payment arrangements are cancelled where required	✓	
Payments by cheque	Yes	No
Your charity follows any requirements in your governing document about who can sign cheques	✓	
There is a prohibition on signing blank cheques	✓	
Cheque books are kept in a secure place with access only by nominated persons	✓	
You regularly review that authority limits are appropriate	✓	
All cheque expenditure is recorded in the cash book and noted with the relevant cheque number, nature of payment and payee	✓	
Cheques are only signed with documentary evidence of the nature of the payment, for example, an invoice	✓	
Payments in cash or by pre-loaded cash card	Yes	No
You ensure that cash payments (and any use of pre-loaded cash card) are minimal	✓	
All payments by cash are made from a cash float and not from incoming cash	✓	
Supporting documentation is authorised by someone other than the person maintaining the petty cash or the person making the payments		✓
Details of all payments are entered in a petty cash book		✓
Regular independent checks are made of the petty cash float and records	✓	
Paying wages and salaries	Yes	No
Any required statutory deductions (such as tax and National Insurance) are paid to HMRC and pension contributions to the provider (legal requirement)	✓	
PAYE records are maintained as required by HMRC (legal requirement)	✓	
You comply with minimum wage legislation (legal requirement)	✓	
Any other deductions from salaries are only made where they are required or authorised (legal requirement)	✓	
End-of-year returns (P60 and P11Ds) are completed and filed with HMRC by the deadline (legal requirement)	✓	
You meet any required pension scheme arrangements (legal requirement)	✓	
All employees have contracts of employment	✓	
Personnel records are kept and held separately from wages records	✓	
Salary levels are properly authorised and recorded	✓	
You have a system for notifying and authorising changes such as starters and leavers, changes of hours and other payroll changes	✓	
Payments are made by bank transfer or BACS	✓	
Payment or reimbursement of expenses	Yes	No
You have an expenses policy that all trustees, staff and volunteers know and understand and your checks show the policy is implemented	✓	
Expense claims include a self-declaration that the claim is accurate and incurred in connection with the business of the charity		✓

Expense claims are dual authorised and do not involve the person making the claim	✓	
Expenses are paid in a secure way	✓	
Mileage rates for travel are in accordance with HMRC approved rates	✓	
Expenditure on grants	Yes	No
You have a grant-making policy		
Your procedures for checking that grants are spent in line with the terms you set are followed		
Internal financial controls for payments to related parties	Yes	No
Any payments to trustees or people/organisations connected to trustees are authorised. Where there are rules in your charity's governing document about payments to trustees, these are followed	✓	
You follow the rules set out in our guidance on trustee expenses and payments and managing conflicts of interest in a charity	✓	
Internal financial controls for assets and investments		
Tangible fixed assets	Yes	No
You regularly maintain a comprehensive fixed asset register		
Assets are regularly inspected to make sure they are in good repair and are of use to the charity		
You have considered your charity's insurance cover		
You review the use of fixed assets annually to make sure they are put to best use and serve your charity's interests		
Intangible fixed assets	Yes	No
You keep a record of all the intangible fixed assets your charity holds		
You hold electronic data securely and in line with GDPR requirements and any other relevant legislation		
Restricted funds and endowment funds	Yes	No
Your controls make sure restricted funds can only be spent on their specific purposes	✓	
Your charity complies with the law in relation to any permanent endowment it holds		
Your charity accounts reflect any separate restricted or endowment funds it holds	✓	
Investments	Yes	No
You have read and understand your trustee duties when investing charity funds		
Internal financial controls for loans	Yes	No
You authorise any loans taken out or made by the charity usually at trustee level		
Loans made by your charity are at commercial terms		
Loans taken out by the charity are at the best terms it can get, and it is in the charity's interest to secure the loan		
You keep a record of the terms of any loan including security or bank covenants, and all repayments		
Where a loan is made to a related party you manage conflicts of interest appropriately (legal requirement)		
Where a loan is made to a related party you comply with any rules in your charity's governing document about this, and you manage conflicts of interest appropriately (legal requirement)		
Where your charity is taking out a loan, you have a repayment plan in place		

You take advice about the terms offered in a loan from a related party if appropriate		
Internal financial controls for hospitality, including gifts	Yes	No
You have a clear policy that sets out when hospitality can be given and received	✓	
You keep a record of hospitality given, received or refused		✓
All trustees, staff and volunteers understand and follow the hospitality policy	✓	
Internal audit functions and audit committees	Yes	No
Internal auditors consult the internal audit international professional practices framework		
You have clear and agreed terms of reference for your internal audit committee		
You have an external audit if your charity must have one		
You have an internal audit committee if your charity is required to have an external audit		