

The Vauxhall Band
Internal Financial Control Policy

Date of Last Review - 2nd December 2024

This is the Internal Financial Control Policy of The Vauxhall Band (“we”/”our”/”us”).

Applicability

This policy applies to trustees (“you”/”your”) working directly for the charity. The charity doesn’t currently and isn’t expected to have direct employees. The policy will be revised if this situation changes.

The charity does engage self-employed musicians and others (“freelancers”) in the course of our activities on an ad hoc basis. Self-employed people are paid by the charity according to bespoke individual agreements, and are responsible for paying their own tax and National Insurance to HMRC.

Conflict of Interest

No individual may, without informing a member of the Board of Trustees, preferably the Treasurer:

- 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

Contracts and other agreements (such as registered office fees and insurance policies) 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.

Budgeting

Project and annual budgets should include prudent income forecasts that have been tested to confirm that there is a reasonable expectation of securing the funding planned for.

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.

Financial Management

The Treasurer and Artistic Director are to review financial reports, investigate any variances to budget/forecast and unusual or unexpected transactions that cannot be adequately explained and take appropriate action. Any significant issues should be reflected in reports to the Board.

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.

Cheques. All cheque stubs should be completed fully. Cheques should only be used if a bank transfer is not possible. 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 two or more trustees with the relevant experience is to be sought in all cases, except for payments for goods and services in the normal course of the charity's business in accordance with the Finance Delegation list.

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.

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 minimise the risk of fraud.

Expenditure

Delegation of Authority.

The Artistic Director has authority to make payments in line with the Board-approved Finance Delegation List.

Approval and Payment. The prior approval of the Board of Trustees is required for any projects or proposals, and costs that are not included in the business plan and funded in the budget and for any that will result in a budget being overspent.

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.

Electronic Payments. Anyone able to make payments is to be made aware of basic cyber security steps, including the risk of online scams, including AI voice scams.

Payment Procedures. Payments systems, such as cheque books, credit cards and on-line systems and passwords should be adequately safeguarded. Physical items, such as e banking encryption devices and cheque books should be kept under lock and key when not in use. Passwords should not be written down or shared and should be changed regularly and if compromised. Accounting IT systems should be routinely backed up and back-ups stored off site in case of fire.

Cheques should always be crossed, blank cheques never signed, and mandates restricted to only those who need to sign cheques. Credit card limits should be kept as low as possible.

Travel Expenses. Claims should be approved by the Treasurer 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.

Novel and Contentious Expenditure. This is defined as follows:

- **Novel** - does not meet the letter of our regulations. That is, using a budget for a purpose for which it was not intended. For example, payment of a bonus to an individual, when there is no such provision in the pay policy. Or exceeding permissible limits. For example, payment of subsistence rates or class of hotel accommodation that exceed the limits in the expenses policy.
- **Contentious** - meets the letter of the relevant policy, but where the need for it or the cost involved may be questioned. For example, where subsistence has been approved within agreed limits, but alcohol or other inappropriate expenditure is claimed for.

Payment of any expenditure which may be novel or contentious requires the prior approval of the Board.

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.

In general, the minimum value for an item to be treated as a capital asset is £1,000.

- A fixed asset register is maintained and reviewed annually.
- Subsequent to the annual review, insurance cover is reviewed to prevent being under or over insured.
- Nobody should remove assets or items of equipment without prior approval from the Board of Trustees.

Cryptoassets

In deciding whether we will accept and hold donations of crypto assets, 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 crypto assets, 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 Board of Trustees.

Hospitality. Trustees may be offered hospitality in the form of being taken out to drinks or events, or gifts by suppliers or others. It is essential that this is entirely above board and can be demonstrated to be so. Trustees may only accept hospitality or gifts, which are worth less than the value of £50. Such gifts are to be declared in the Hospitality Book, held by the Treasurer unless these are trivial and of value of less than £10. The Hospitality book is to be reviewed and signed off by the Chair annually, as part of audit preparation, if required.

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 this policy. In particular, cash books and other prime books of account are retained for 7 years and supporting vouchers for 18 months.
- Archives are organised to enable records to be easily identified and retrieved.

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 Gemini.
- Financial information, including back-ups, stored on shared drives is accessible only to those who need to have access to it.
- Board members 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.

Version Control - Approval and Review

Version No	Approved By	Approval Date	Main Changes	Review Period
1.0	Board	02/12/2024	Initial draft approved	Annually

Regulatory Guidance

Charity Commission Guidance

[Charities, fraud and financial crime](#)

[CC: 8 - Internal Financial Controls](#)

[Compliance toolkit](#)

Useful Links:

[Charity Governance Code: 4 Decisions, Risk, Control](#)

[Charity Digital: Free anti-fraud resources for your charity \(Jan 24\)](#)