

Internal charity financial controls policy and procedures

Little Hiccups is committed to maintaining robust financial controls to ensure the integrity and accountability of our financial operations. This policy outlines the procedures and controls in place to safeguard the charity's assets, ensure accurate financial reporting, and comply with legal and regulatory requirements.

PURPOSE AND SCOPE

The purpose of this policy is to establish a framework for financial management and control that promotes transparency, accountability, and sound financial practices within Little Hiccups.

This policy applies to all financial activities of Little Hiccups, including budgeting, accounting, financial reporting, and internal controls.

FINANCIAL MANAGEMENT PRINCIPLES

- **Accountability:** Ensuring that all financial transactions are properly authorised, recorded, and reported.
- **Transparency:** Providing clear and accurate financial information.
- **Integrity:** Maintaining honesty and ethical standards in all financial dealings.
- **Compliance:** Adhering to all relevant legal and regulatory requirements.

FINANCIAL CONTROLS

- **Segregation of Duties:** Ensure that no single individual has control over all aspects of any financial transaction. Duties should be divided among different individuals to reduce the risk of error or fraud.
- **Authorisation and Approval:** All financial transactions must be authorised and approved by designated individuals in accordance with the charity's delegation of authority.



- **Record Keeping:** Maintain accurate and complete records of all financial transactions. Records should be kept in a secure and organised manner.
- **Bank Reconciliation:** Perform regular bank reconciliations to ensure that the charity's bank statements match its financial records.
- **Budgeting and Financial Planning:** Develop and approve an annual budget. Monitor actual performance against the budget and take corrective action as needed.
- **Financial Reporting:** Prepare regular financial reports for the Trustees, including income and expenditure statements, balance sheets, and cash flow statements.
- **Internal Audits:** Conduct periodic internal audits to assess the effectiveness of financial controls and identify areas for improvement.

PROCEDURES

- **Cash Handling:** Cash receipts should be recorded immediately and deposited in the bank promptly. Cash disbursements should be made by check or electronic transfer whenever possible.
- **Expense Reimbursement:** All expense claims must be supported by receipts and approved by a designated individual before reimbursement.
- **Procurement:** Follow established procurement procedures for purchasing goods and services. Obtain competitive quotes and ensure value for money.
- **Payroll:** Maintain accurate payroll records and ensure timely payment of salaries and wages. Payroll changes must be authorised by a designated individual.
- **Asset Management:** Maintain a register of all fixed assets. Conduct regular physical inventories and reconcile with accounting records.

ROLES AND RESPONSIBILITIES

- **Trustees:** Provide oversight and ensure effective financial management practices. Review and approve the financial controls policy and procedures.
- **Management:** Implement the financial controls policy and procedures. Ensure



staff and volunteers are aware of their responsibilities.

- **Staff and Volunteers:** Follow financial controls procedures and report any discrepancies or concerns.

TRAINING AND AWARENESS

- Provide regular training on financial controls to staff and volunteers.
- Promote a culture of financial responsibility and accountability.

DOCUMENTING AND REPORTING

- Maintain comprehensive documentation of all financial controls and procedures.
- Report on financial management activities to the Trustees regularly.

POLICY REVIEW

- This policy will be reviewed every 3 years or more frequently if required.
- Updates will be made to ensure the policy remains relevant and effective.

Policy agreed by Trustees on: 03/02/2025

Signed by Chairperson: Sarah Stewart

To be reviewed by: 3 years



