

FINANCIAL CONTROLS AND PROCEDURES

Purpose

To ensure that the Charity maintains the necessary controls and procedures to secure probity and the proper expenditure of funds for the purposes of the Friends as set out in the constitution.

Budgetary Control and Monitoring

Budget approval

- The Board of Trustees is responsible for agreeing a Finance Strategy, reviewed and updated annually, and a rolling Strategic Plan which sets the goals and priorities on which revenue expenditure will be based. The Finance Strategy will include a reserves policy.
- The Treasurer is responsible for drafting an annual budget which the Board agrees, normally in the January prior to the budget year.
- The Treasurer is responsible for bringing proposals for reviewing subscription and charges to members and bringing proposals for increases in the following year to the Board, normally in the September of the preceding year.

Reporting and monitoring

- The Treasurer is responsible for providing a finance report to each meeting of the Board (normally 5 per year), identifying significant items of receipt and expenditure and matters requiring the Board's attention. The Treasurer will provide and circulate quarterly budget figures.
- When decisions by the Board are required between scheduled meetings on unforeseen matters, or when unplanned donations or bequests are received, the Treasurer will provide sufficient information for any decision to be made by electronic communication, in line with the provision for this in the Constitution.
- The Secretary is responsible for providing a progress report on the Strategic Plan to each meeting of the Board

Controls on Expenditure

General

- The Board's aim is to ensure that expenditure is only incurred where it is in pursuance of the Charity's charitable purposes and an effective use of its resources.
- To seek value for money for significant purchases up to £25,000, the Board will agree a specification and will seek to obtain three written quotations. If the

supplier chosen is not the cheapest the Board will record the reasons for its choice.

- In the event of a proposed item of expenditure exceeding £25,000, the Board will go to tender, adopting a procedure based on that of Penzance Council and agreeing its procedure prior to enactment.

Purchase orders and invoices

- Purchases of goods and services other than small items under £200 or recurrent items included in the annual budget must be authorised by the Chair or Vice-Chair (if not already authorised by the Trustees) and confirmed by email.
‘Invoices will be sent to the Treasurer, who will authorise and arrange for payment if satisfied that the goods or services have been or are being provided.
- Payment will be made by direct transfer normally within 28 days of receipt of an invoice.

Controls on Financial Assets

Bank accounts

- Bank accounts in the Charity’s name must only be used for its own business. They must not be used to receive or transfer money for the private benefit of individuals or third parties.
- The opening or closing of bank accounts, and the approval/removal of signatories on bank accounts is determined by the Board and recorded in the minutes
- The costs and benefits of the Charity’s banking arrangements will be kept under review to ensure that bank charges and rates of interest are competitive and that the bank’s credit rating continues to be acceptable.
- Cheques, online payments, standing orders, direct debits and other withdrawals from bank accounts are authorised by two signatories. Expenditure on significant unique items must have prior approval of the Board.
- The Treasurer is responsible for keeping records of all bank accounts and ensuring that the bank mandate is kept up to date.

Making payments

- There are four signatories to the bank accounts who are able to authorise payments, standing orders and direct debits or sign cheques, these normally being four officers (Chair, Secretary, Treasurer, one Vice-Chair).
- No person can authorise any payment involving themselves or any related party.
- Cheque books will be kept locked away and no blank cheques will be signed.
- The Treasurer is responsible for keeping documents, setting up payments by direct debit or standing order, and for monitoring arrangements so that the Charity can ensure that they are cancelled when the Charity stops using the goods or services being supplied.

Cash handling

- Cash received is paid into the Charity's bank account as soon as possible.
- Cash is not used for payments.
- All cash is securely locked up.

Income procedures

- Subscription or donation income received by post or in cash is received by staff at Penlee House Gallery and Museum, which is contracted to provide this service, and PHGM procedures apply to their work. This service is also responsible for issuing receipts and membership cards. Any subscriptions or donations received online will be confirmed to PHGM by the Treasurer.
- Cash payment for attendance at events is dealt with by Trustees or volunteers according to 'Cash handling' above.

Accounting records

- The Treasurer is responsible for keeping accounting records which are sufficient to explain all transactions and show the Charity's position at any time.
- All accounts files will be kept for the statutory period for six years from the end of the accounting period in which they were generated.

Bank reconciliations

- Bank reconciliations will be carried out by the Treasurer on an ongoing basis.
- The professional accountants employed by the charity will perform reconciliations in accordance with proper practice.

Controls on income

Due diligence

- The Charity will exercise due diligence prior to accepting significant donations and ensure that any funds accepted fulfil its mission, are not in conflict with its values and do not present a risk to its reputation or independence.

Pricing

- Membership fees and charges for lectures and other events are set annually by the Board.

Grants

- Any decision to apply for a grant will be made by the Board, following consultation through the Penlee House Partnership.

Financial responsibilities

- The Board of Trustees is responsible for:
 - approving the Finance Strategy (including the reserves policy) and the risk register.
 - approving the Charity's financial policies and procedures.

- approving the annual budget
 - monitoring performance against the budget
 - approving the Trustees' annual report and accounts
 - appointing the independent examiner / auditor and formal communications with them.
- Trustees have a legal duty to act in the Charity's best interests when making decisions and to declare a conflict of interest immediately they are aware that there is a possibility that their personal or other business interests could influence their decision-making.
The Trustees will:
 - adopt and publish a statement on managing conflicts of interest
 - establish a register of interests, to be updated annually

Adopted by the Trustees: 25 September 2024