

Financial Control Policy

Version	1.0
Agreed by	Brockenhurst Village Trust Board
Date ratified	July 2026
Next review due	July 2027
Related documents	• Debit Card Policy • Conflict of Interest Policy • Business Continuity Plan • Risk Management Policy • Finance Procedures • Reserves Policy

Policy Document Review Table

Date of Review	Reviewed By	Key Changes Made

1. PURPOSE

1.1 This policy establishes appropriate financial controls to ensure that the Trust's funds, assets and resources are properly managed and safeguarded.

1.2 The controls contained within this policy are intended to:

• Protect the Trust's assets and reputation.

• Ensure funds are used appropriately and for authorised purposes.

• Reduce the risk of fraud, error or financial loss.

• Support effective decision-making and governance.

• Remain proportionate to the size, activities and risks of the Trust

- Ensure operations can continue during periods of unexpected absence or availability of key personnel.

2. PROPORTIONALITY PRINCIPLE

2.1 The Trust applies financial controls that are proportionate to its size, activities and risk profile.

2.2 Most financial transactions are undertaken electronically. Cash handling represents a relatively small proportion of the Trust's overall financial activity and is primarily associated with the charity shop, café and events.

The Trust therefore places particular emphasis on:

- Payment authorisation.
- Banking security.
- Financial reporting.
- Cash controls.
- Oversight and governance.

Controls shall be reviewed annually to ensure they remain appropriate and practical.

3. GOVERNANCE AND RESPONSIBILITIES

3.1 Trustees retain overall responsibility for the financial management of the Trust.

- Day-to-day financial duties may be delegated to employees, volunteers or office holders as appropriate; however, accountability remains with the Trustee Board.

- The Treasurer is responsible for overseeing financial administration, reporting and monitoring arrangements.
- The Operations Manager and Finance Administrator are responsible for carrying out delegated financial activities within approved limits and procedures.
- The Treasurer and Operations Manager shall work together to ensure that critical financial processes are adequately documented and that appropriate knowledge transfer arrangements exist to maintain operational resilience.
- Segregation of duties, compensating controls and resilience arrangements are detailed in Section 12.

4. FINANCIAL PLANNING AND MONITORING

4.1 The Trust shall prepare an annual budget which is approved by the Trustees.

Monitoring arrangements shall be proportionate to activity levels:

- Active operational periods may require monthly review.
- Quieter periods may be reviewed less frequently where appropriate.

Monitoring shall focus on:

- Income and expenditure performance.
- Material variances from budget.
- Cash flow.
- Emerging financial risks.
- Capital Expense as per agreed/authorised project plans

5. FINANCIAL REPORTING

5.1 Financial reporting arrangements shall be proportionate to the size and complexity of the Trust.

5.2 The Treasurer shall prepare monthly management accounts and distribute them to all Trustees.

The monthly management accounts shall normally include:

- Income and expenditure against budget.
- Balance sheet information.
- Cash balances and cash flow position.

• Reserves position.

• Significant variances.

• Details of any material financial issues requiring attention.

The Treasurer shall provide a supporting narrative report highlighting:

• Significant variances from budget.

• Material financial risks or concerns.

• Unusual transactions.

• Emerging financial issues.

• Recommendations or decisions requiring Trustee consideration.

5.3 Trustees shall review the information provided and seek explanation where appropriate.

5.4 The monthly management accounts and accompanying narrative report form a key element of the Trust's financial oversight and compensating control arrangements.

5.5 Annual accounts shall be prepared and independently examined in accordance with statutory requirements.

6. BANKING, PAYMENTS AND CASH CONTROLS (HOW IS MONEY PAID AND SAFEGUARDED)

6.1 Bank Payments

Online payments may only be initiated by authorised individuals.

For routine expenditure within approved budgets:

• Up to £250 may be approved by the Operations Manager and actioned by the Finance Administrator.

• £250 to £1,000 may be actioned and approved by the Operations Manager.

• Expenditure above £1,000 may be approved by the Treasurer, actioned by the Operations Manager acting under delegated authority from the Trustees.

• The Chair may act as an alternate approver where the Treasurer is unavailable.

- All payments above £1,000 shall require dual authorisation. One authorised individual shall initiate the transaction and a separate authorised individual shall approve it. No individual may both approve and execute the same transaction above £1,000.

6.2 Trustee-approved expenditure limits remain in force as documented.

6.3 All payments shall be reported through the Trust's financial reporting processes.

6.4 Bank reconciliations shall be completed at least monthly and reviewed by the Treasurer in accordance with Section 12. In practice these are completed weekly.

Bank reconciliations shall be completed at least monthly and reviewed by the Treasurer in accordance with Section 12. The reviewer must not be the individual who processed the majority of transactions during the period.

6.5 The Trust shall maintain sufficient authorised users and banking arrangements to support continuity of operations during periods of absence or unavailability of key personnel.

6.6 Access permissions shall be reviewed annually and updated promptly when responsibilities change.

6.7 The Trust shall annually review whether additional authorisation arrangements remain proportionate to its size and risk profile.

6.8 Cash Handling – reconciled against sales records accordingly

As the Trust operates events, a café and a charity shop, the following controls shall apply:

• Cash should be counted by two individuals wherever practicable.

• A record shall be maintained of cash received.

• Cash shall be banked promptly.

• Any discrepancies shall be investigated and documented.

Where two individuals are not available, an independent review shall be undertaken by the Manager and/or Treasurer monthly as appropriate and practicable.

6.9 Debit Card Controls
All debit card transactions must be supported by appropriate receipts and recorded promptly. Transactions shall be reviewed monthly by the Treasurer as part of financial oversight and reporting.

7. INCOME CONTROLS

7.1 Controls shall be proportionate to the source of income.

Low Risk Income

Examples include:

• Online donations.

• Bank transfers.

• Electronic income streams.

These shall be recorded and reconciled weekly by the Finance Assistant or Operations Manager in their absence.

Higher Risk Income

Examples include:

• Cash only events.

• Cash ticket sales.

• Cash retail activities.

Controls may include:

• Online ticket pre-sales (reduce need for cash transactions).

• Pre-numbered tickets & Attendance logs kept electronically in Booking System.

• Reconciliation of expected and actual income.

• Independent review where appropriate.

Restricted Funds

Restricted funds shall be separately identified and used only for the purposes for which they were provided.

8. EXPENDITURE AUTHORISATION & PROCUREMENT CONTROLS (SHOULD WE SPEND THE MONEY)

Up to £1,000 - The Operations Manager may approve and action expenditure within approved budgets

Over £1,000 - The Treasurer may approve expenditure under delegated authority from Trustees. Payment execution must be undertaken by a separate authorised individual.

No individual may both approve and execute the same transaction above £1,000.

Emergency expenditure may be approved outside the normal process where necessary to protect people, property, assets or operations.

Emergency expenditure may be approved outside the normal process only where necessary to protect people, property, assets or the continuity of operations.

For the purposes of this policy, an emergency is defined as a situation requiring immediate action where delay would result in significant risk or harm.

In such cases:

- The reason for the emergency decision must be documented
- The Treasurer and/or Chair must be informed as soon as practicable
- All emergency expenditure must be reported to Trustees within 7 days
- Details must be included in the next financial report

Emergency provisions must not be used to circumvent established financial controls.

Such expenditure must be reported in accordance with Section 13.

9. ASSETS

9.1 The Trust shall maintain a register of significant assets.

Low-value items need not be included unless risk or operational requirements justify their inclusion.

The register shall be reviewed annually.

10. RISK AND RESERVES

10.1 Trustees shall consider key financial risks as part of their governance responsibilities.

Examples include:

• Cash handling.

• Fraud.

• Financial error.

• Loss of income.

• Theft

• Operational disruption.

The Trust shall maintain reserves appropriate to its circumstances and financial obligations as detailed in the Reserves Policy.

11. FRAUD PREVENTION

11.1 The Trust adopts a risk-based approach to fraud prevention.

Controls focus particularly on:

- Cash handling.
- Banking arrangements.
- Payment authorisation.
- Financial reporting.

11.2 Any suspected fraud, irregularity or financial misconduct shall be reported promptly to the Trustees and investigated appropriately.

12. SEGREGATION OF DUTIES AND COMPENSATING CONTROLS

12.1 The Trust recognises that complete segregation of duties is not always possible within a small organisation.

12.2 Where full segregation is not practical, compensating controls and resilience arrangements shall be applied to ensure appropriate oversight, continuity of operations and protection of Trust assets.

11.3 Fraud Response (Any suspected fraud or financial irregularity shall be reported immediately to the Treasurer and Chair. Trustees shall determine the appropriate course of action, including investigation and, where necessary, reporting to relevant authorities and the Charity Commission.

12.3 SEGREGATION OF DUTIES MATRIX

	Activity	Primary Responsibility	Independent Review / Approval	Resilience Control
	Annual budget preparation	Treasurer and Operations Manager	Approval by Trustees	Budget assumptions and working papers retained and shared
	Preparation of monthly management accounts	Treasurer	Reviewed by all Trustees	Operations Manager familiar with process and supporting records retained
	Preparation of monthly narrative financial report	Treasurer	Reviewed by all Trustees	Supporting information retained and accessible
	Monitoring budgets and variances	Treasurer	Trustee review and challenge	Monthly reporting shared with all Trustees
	Ordering goods and services	Operations Manager	Subject to budgets and delegated limits	Purchasing records retained
	Verification of invoices	Finance Administrator / Operations Manager	Checked before payment	Invoices stored centrally
	Action spends of approved expenditure up to £250	Finance Administrator	Included within financial reporting	
	Action & Approval of expenditure up to £1,000	Operations Manager	Treasurer oversight through reporting	Approval limits documented
	Approval of expenditure above £1,000	Treasurer	Reported to Trustees	Chair may act if Treasurer unavailable
	Processing online payments	Finance Administrator	Subject to approval limits	Multiple authorised banking users maintained where practical
	Bank reconciliations	Finance Administrator	Monthly review by Treasurer	Reconciliation procedures documented
	Review of bank statements	Treasurer	Trustee scrutiny through reporting	Statements accessible to authorised individuals/trustees if required
	Cash counting	Staff and/or volunteers	Spot checks by Manager and/or Treasurer	Procedures documented
	Banking of cash	Finance Administrator	Reconciled to collection records	Alternate authorised staff available where practical

	Activity	Primary Responsibility	Independent Review / Approval	Resilience Control
	Payroll preparation	Operations Manager / Payroll Administrator	Treasurer approval	Payroll procedures documented and accessible
	Payroll amendments	Operations Manager	Treasurer approval	Supporting records retained
	Staff expense claims	Authorised Manager	Claimant cannot authorise own claim	Alternate approver available
	Trustee expense claims	Independent Trustee	Claimant cannot authorise own claim	Chair may act where required
	Preparation of annual accounts	Treasurer	Independent Examination	Working papers retained and accessible
	Related-party employment decisions	Relevant Manager or Trustee	Independent Trustee, Treasurer or Chair	Conflicts recorded and documented
	Asset register maintenance	Treasurer	Periodic review by External Review	Asset records stored centrally
	Documentation of critical financial procedures	Treasurer and Operations Manager	Reviewed periodically by Trustees	Procedures maintained and updated
	Financial systems access management	Treasurer and Operations Manager	Trustee oversight through annual review	Appropriate deputies and access arrangements maintained
	Financial process continuity and knowledge transfer	Treasurer and Operations Manager	Trustee review through annual risk and policy review	Cross-training maintained between Treasurer and Operations Manager

13. COMPENSATING CONTROLS

13.1 Where segregation of duties is limited, one or more of the following controls shall apply:

- Monthly management accounts prepared by the Treasurer.
- Monthly narrative reports provided to all Trustees.
- Trustee scrutiny and challenge of financial performance.
- Independent review by the Treasurer, Chair or another Trustee.
- Monthly bank reconciliations.
- Delegated approval limits.
- Recording of significant decisions in meeting minutes.
- Annual independent examination.
- Cross-training between the Treasurer and Operations Manager.
- Documented procedures for critical financial activities.
- Succession planning for key financial roles.
- Maintenance of authorised access arrangements for key financial systems.
- Annual review of financial controls by Trustees.

Trustee review and challenge of financial reporting is a core control and not a passive process. Trustees are expected to actively scrutinise financial information, seek clarification where required, and ensure that financial reporting is timely, clear, and supported by an appropriate audit trail.

14. EXCEPTIONS TO FINANCIAL CONTROLS

14.1 The Trust recognises that exceptional circumstances may occasionally require a departure from normal procedures.

Examples may include:

- Emergency repairs.
- Urgent health and safety matters.
- Absence of key personnel.
- System failures affecting banking or payroll.
- Business continuity incidents.

Where an exception is necessary:

- The reason shall be documented.
- Approval shall be obtained from the most senior authorised individual available.
- Supporting documentation shall be retained.
- The Treasurer shall be informed as soon as practicable.
- Material exceptions shall be reported to the next Trustee meeting and recorded in the minutes.

Exceptions must not be used to circumvent established controls or approval limits.

15. PROCUREMENT AND VALUE FOR MONEY

15.1 The Trust shall seek value for money in all purchasing decisions.

When making purchasing decisions, consideration should be given to:

- Cost.
- Quality.
- Suitability.
- Sustainability.
- Reliability.
- Long-term value.

For expenditure exceeding £5,000, at least two quotations should normally be obtained unless there is a valid reason why this is not practical.

Any significant departure from this requirement should be documented.

16. PAYROLL CONTROLS

16.1 Payroll represents a significant recurring expenditure and shall be subject to appropriate review.

The Trust shall ensure:

- Payroll is processed using an approved payroll system.
- A payroll summary is produced before each payroll run.

• The payroll summary includes employee names, gross pay, deductions, pension contributions and net pay.

• Payroll preparation, review and approval operate in accordance with Section 8 & 12.

• Changes affecting pay, contracted hours, pension arrangements, starters and leavers are documented and approved.

• Payroll records are retained in accordance with statutory requirements.

• Written payroll procedures are maintained and reviewed annually.

• Appropriate access arrangements are maintained to ensure payroll continuity during periods of absence.

17. RELATED PARTY EMPLOYMENT CONTROLS

17.1 The Trust recognises that family or close personal relationships may arise within a small organisation.

17.2 To ensure transparency:

• Relevant relationships shall be declared.

• Conflicts of interest shall be recorded.

• Employment decisions involving related parties shall be managed in accordance with the Conflict of Interest Policy and Section 12 of this policy.

18. BUSINESS CONTINUITY AND FINANCIAL RESILIENCE

18.1 The Trust recognises that continuity of financial operations is essential to effective governance and service delivery.

18.2 To reduce dependency on individual office holders, employees or volunteers, the Trust shall maintain appropriate resilience arrangements for all critical financial processes.

The Trust shall:

• Maintain documented procedures for critical financial activities.

• Ensure key financial knowledge is shared between appropriate individuals.

• Maintain appropriate access arrangements for banking, payroll, accounting and financial reporting systems.

• Maintain sufficient authorised users and signatories to support continuity of operations.

• Annual review of succession arrangements for key financial roles.

• Review financial resilience arrangements annually as part of the Trust's risk management process.

18.3 The Operations Manager is familiar with the Trust's principal financial processes and provides an important resilience measure in the event of the temporary absence or unavailability of the Treasurer.

18.4 Critical financial procedures shall be documented sufficiently to enable authorised individuals to undertake essential activities where necessary.

The documented procedures should include, where applicable:

• Banking and online banking administration.

• Payment authorisation processes.

• Preparation of monthly management accounts.

• Payroll administration.

• Budget preparation and monitoring.

• Financial reporting to Trustees.

• Year-end accounting procedures.

• Financial system access arrangements.

Trustees shall review annually whether adequate resilience exists for all key financial functions and whether additional succession planning arrangements are required.

19. INVESTMENT AND TREASURY/STRATEGIC MANAGEMENT

19.1 Where surplus funds are held, the Trust shall seek to balance:

• Security of capital.

• Liquidity.

• Appropriate financial return.

19.2 Funds shall be held only with approved banking institutions and reviewed periodically by Trustees.

20. EXPENSES AND REIMBURSEMENTS

Where expenditure is incurred on behalf of the Trust:

• Claims should be supported by receipts.

• Claims should be submitted promptly within one week.

• Expenditure must be wholly, exclusively and necessarily incurred for Trust purposes.

• Claims shall be approved in accordance with Section 12.

• No individual may approve their own claim.

• Reimbursement should normally be made by bank transfer.

21. REVIEW OF CONTROLS

21.1 Trustees shall review the effectiveness of financial controls annually.

The review shall consider:

- Whether controls remain proportionate.
- Whether risks have changed.
- Whether controls remain practical and effective.
- Any recommendations arising from audits, independent examination or operational experience.