Gardening4Health
Internal Financial Controls Policy

Introduction

This policy addresses the management, recording and reporting of all financial information.

This policy applies to all trustees, other volunteers, employees, contractors, and third-party representatives of our charity. Its requirements should be reflected in other policies and procedures, agreements and contracts, as necessary.

Separation of Duties

No one person may both authorise and pay any payment or transfer. For example, an on-line banking payment or credit card transaction.

Conflict of Interest

No individual may:

- Authorise or make changes to their own pay or personnel entitlements or records.
- 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

A robust contracting process is to be implemented with major contracts openly tendered, subject to board scrutiny and approval, and retendered every 3 to 5 years. Contracts and other agreements 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

The Board is to scrutinise and approve an annual budget. The budget 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.

A qualified accountant will examine the charity's records and prepare the accounts for submission to the Charities Commission.

If fraud or bribery is suspected, it is to be brought to the attention of the Chair and Board of Trustees. Refer to the Serious Incident Reporting Policy.

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.

Financial Management

Budget holders 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 or savings accounts and any other form of investment are only to be opened with the written approval of the Board.

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, as part of the audit preparation process.

Electronic Payments. Anyone able to make payments must protect their device(s) with password, pin or biometric data and any e-banking encryption devices must be stored securely. Everyone must be aware of basic cyber security steps, including the risk of online scams, including AI voice scams. Refer to the Information Management Policy.

Non-Standard Payment Requests. To safeguard against frauds such as AI deep fakes, any non-standard requests for payment, such as phone or video calls, must involve codewords or confirmations through a different channel.

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. Gardening4Health does not anticipate making international currency transfers. Advice and board approval will be sought should the need arise.

Reconciliation. Bank accounts are to be reconciled at least monthly to ensure that records are being accurately maintained and that there are no discrepancies in the accounting records. The bank reconciliation, statement, cashbook and any other supporting documentation are cross checked by someone other than the person concerned with the original recording of the transactions.

The reconciliation must verify that:

- 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.

Income

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 donation are to be subject to appropriate due diligence to minimize the risk of fraud. Refer to the Acceptance and refusal of donations Policy.

Expenditure

Each budget line should have a nominated budget holder who has the authority to approve expenditure against that budget prior to the second level of approval before payment is made. Any changes are to be documented and clearly specify budget lines and limits.

All expenditure must be properly authorised by two trustees before payment is made, represent good value for money and be on appropriate items or services.

Before any payment is made, invoices are checked against orders and it is confirmed that the expenditure has been authorised, goods or services have been received, are correctly priced, with any discounts or credit notes taken into account and VAT excluded or charged at the reduced rate if appropriate.

Rejected invoices remain the personal responsibility of the individual who incurred the expenditure.

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

- **Novel expenditure**. An item that 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 expense limits such as payment of subsistence rates or class of hotel accommodation that exceed the expenses policy.
- **Contentious expenditure.** An item that 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.

Pay and Remuneration

If staff are employed then pay is a significant cost and particular safeguards need to be put in place. Gardening4Health does not currently employ staff and should this change then the policy will be updated to include controls over the payroll system.

Travel Expense claims should be approved by the line manager or trustees to confirm that the journey was valid, undertaken and the amounts claimed were reasonable in the circumstances. Expenses claims are to be checked by Finance to ensure that the expenses policy has been complied with.

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. There is no statutory minimum value for an item to be treated as a capital asset and Gardening4Health has set this at £500.

A fixed asset register is maintained and reviewed annually.

Items are allocated inventory codes and marked accordingly.

Subsequent to the annual review, insurance cover is reviewed to prevent being under or over insured.

No individual associated with the charity should remove assets or items of equipment without prior approval.

Hospitality

Individuals may be offered hospitality through their association with the charity. This may take 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. All hospitality or gifts require trustee approval and are to be declared in the Hospitality Book, held by the Financial Lead.

Record keeping

Records are to be retained in accordance with the documents policy. In particular, cashbooks and other prime books of account are retained for 7 years and supporting vouchers for 18 months.

A secure archive is identified and physical records kept under lock and key. The archive is organised to enable records to be easily identified and retrieved.

Refer to the Information Management Policy.

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Statutory Guidance

Charities, fraud and financial crime
CC: 8 - Internal Financial Controls
Financial Controls Checklist
Compliance toolkit

Useful Links:
Charity Governance Code: 4 Decisions, Risk, Control
CFDG: Banking for charities
BZ: Retention of accounting and other records

Version Control - Approval and Review

Version No	Approved By	Approval Date	Main Changes	Review Period
1.0	Board	9.12.25	Initial draft approved	Annually