mencap St Albans & District

St Albans Mencap

Charity number: 210073

Stalbansmencap.org.uk

Financial Controls Policy

This policy sets out the financial controls and procedures that govern SAM's financial operations. It ensures compliance with the Charity Commission's guidance, and aligns with the Charities SORP for financial reporting. It applies to all trustees, staff, volunteers, and agents involved in financial decision-making or handling of funds.

Document control:

Version:	Date approved:	By:	Review due:
1.0			July 2026
1.1			July 2027

Summary of changes:

Version:	Changes:
1.0	Drafted September 2025
1.1	Reviewed July 2026; general tidying up

St Albans Mencap
Financial Controls

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St Albans Mencap
Financial Controls

1. Purpose and Scope

This policy sets out the financial controls and procedures that govern St Albans Mencap's [SAM] financial operations. It ensures compliance with the Charity Commission's guidance, particularly The Essential Trustee (CC3), and aligns with the Charities SORP (FRS102) for financial reporting. It applies to all trustees, staff, volunteers, and agents involved in financial decision-making or handling of funds.

There is a separate Finance Policies document covering such items as Internal risk; Financial reserves and Investments.

2. Governance and Oversight

The Resources Committee oversees financial compliance, financial risk management, and reserves policy. Trustees are responsible for ensuring accurate and timely submission of annual accounts and returns to the Charity Commission. Financial decisions must align with SAM's safeguarding policies and uphold the welfare of children, young people, and vulnerable adults.

3. Financial Management Principles

- Accountability: All transactions must be authorised and documented.
- Transparency: Financial information must be clear and accessible.
- Integrity: Ethical standards guide all financial dealings.
- Compliance: All activities must meet legal and regulatory requirements.

4. Internal Controls and Procedures

4.1 Segregation of Duties

No individual should control all aspects of any financial transaction. Duties are divided to reduce risk of error or fraud.

4.2 Authorisation and Approval

All expenditures must be pre-approved within limits set by the Resources Committee. Invoices and receipts must be obtained before payment is made.

4.3 Payments and Banking

Payments should be made via bank transfer to ensure a clear audit trail. Bank mandates must be approved and minuted by trustees.

4.4 Record Keeping

Maintain accurate records including cashbooks, payroll, and asset registers. Bank reconciliations must be performed regularly.

4.5 Budgeting and Reporting

Annual budgets must be approved before the financial year begins. Trustees receive regular reports comparing actual income and expenditure against budget.

4.6 Procurement and Tendering

All procurement must comply with local authority commissioning frameworks. Maintain auditable records for commissioned services.

5. Restricted and Unrestricted Funds

Funds must be clearly categorised and reported. Restricted funds must be used only for their intended purpose. An analysis of funds between unrestricted and restricted must be included in the Charity's financial statements.

6. Reserves and Risk Management

SAM maintains a reserves policy to ensure financial resilience. Risk assessments are conducted regularly to identify financial vulnerabilities.

7. Data Protection Compliance

SAM is committed to ensuring that all financial processes involving personal data comply with the UK General Data Protection Regulation (UK GDPR), the Data Protection Act 2018, and the Data (Use and Access) Act 2025.

7.1 Principles of Data Protection

- Lawfulness, fairness, and transparency
- Purpose limitation
- Data minimisation
- Accuracy
- Storage limitation
- Integrity and confidentiality

7.2 Access and Security

All digital records must be stored on secure systems with encryption and access controls. Personal data must not be shared via unsecured channels such as personal email or messaging apps. Trustees, staff and volunteers may only access personal financial data essential to their role.

7.3 Breach Reporting

Any suspected or actual data breach must be reported immediately to the Data Protection Officer (DPO) or Designated Safeguarding Lead (DSL). Breaches will be managed in line with SAM's Data Protection Policy and breach response procedures.

7.4 Marketing and Communications

In line with DUAA 2025, SAM may send electronic communications to supporters without prior consent if: the supporter has expressed interest in SAM's charitable purposes, communications are solely for furthering those purposes, and opt-out options are clearly provided.

7.5 Staff Training

All staff, trustees, and volunteers must complete mandatory data protection and online safety training during induction. Refresher training will be provided annually or when legislation changes.

7.6 Review and Oversight

This section will be reviewed annually or in response to changes in legislation or organisational practice. Oversight is provided by the Resources Committee, in coordination with the Operations and Safeguarding Committee.

8. Financial Reporting Requirements

8.1 Statutory Reporting Obligations

SAM must submit annual accounts, a trustees' annual report, and a Charity Commission Annual Return by the statutory deadline. Maintain accurate and complete accounting records, and ensure financial statements comply with Charities SORP and FRS 102.

8.2 Internal Review and Oversight

The Resources Committee reviews regular financial reports, monitors reserves and risk, and maintains a risk register. The reports received by the Resource Committee may be more detailed than those reports given to the main Board. A finance report should be presented at each Board meeting.

8.3 Commissioned Services and Public Funding

Reports must distinguish between restricted and unrestricted funds. Commissioned service records must include cost breakdowns and delivery logs.

8.4 Accessibility and Transparency

Trustees' reports and financial statements should be made available to stakeholders and written in plain English.

9. Financial Risk Management

9.1 Risk Management Framework

SAM adopts a structured risk management cycle: Identification, Assessment, Mitigation, Monitoring and Review.

9.2 Key Financial Risk Areas

- Financial Mismanagement
- Restricted Fund Misuse
- Cash Flow Volatility
- Fraud and Theft
- Procurement and Commissioning Risks

9.3 Oversight and Responsibilities

The Resources Committee oversees financial risk management. The Finance Trustee/Manager implements mitigation strategies.

9.4 Risk Register and Reporting

A central Risk Register is maintained and reviewed quarterly. Financial risks are categorised and mitigation actions assigned. Review of the Financial risks is delegated to the Resources Committee. Areas of risk to be covered include, but are not limited to:

- Cybersecurity
- Environmental
- Financial
- Health and Safety
- Operational
- Regulatory Compliance
- Reputational

9.5 Insurance and External Support

SAM maintains business and pi insurance coverage.

10. Fundraising Compliance

10.1 Principles-Based Compliance

- Legal
- Open
- Honest
- Respectful

10.2 Governance and Oversight

The Fundraising and Grants Committee oversees fundraising strategies. Trustees document decisions on high-risk donations.

10.3 Due Diligence and Risk Management

Due diligence must be conducted on donors and fundraising partners. Suspicious behaviour must be reported.

10.4 Transparency and Accountability

Fundraising decisions must be documented. Donors must be informed of outcomes and reports submitted to trustees.

10.5 Fundraiser Conduct and Protection

SAM must protect fundraisers from harm and ensure ethical conduct in all fundraising activities.

10.6 Innovation and Adaptability

SAM encourages innovative fundraising while ensuring compliance with ethical standards.

10.7 Review and Training

Fundraising policies are reviewed annually. Training is provided on the 2025 Code and internal policies.