The Vauxhall Band
Internal Financial Control Policy

From 29 October 2026

This is the Internal Financial Control Policy of The Vauxhall Band ("we"/"our"/"us").

Applicability

This policy applies to trustees, officers, volunteers and any other individuals who have responsibility for, or access to, the charity's finances, financial systems or assets. Relevant provisions also apply to freelancers and other third parties where appropriate.

The Board of Trustees remains collectively responsible for the charity's financial management and for ensuring that appropriate internal financial controls are implemented and monitored.

Conflict of Interest

No individual may authorise or make changes to their own pay, expenses, benefits or financial records. Any proposed payment, benefit or contract involving a trustee or a person or organisation connected with a trustee must be declared and managed in accordance with the charity's Conflicts of Interest Policy and governing document. No trustee or connected person may receive a payment or benefit unless the charity has the necessary legal authority to make it and all applicable conditions are met. The conflicted trustee must not participate in the decision or approval of the transaction.

Contracting

Contracts and other agreements (such as registered office fees and insurance policies) should be recorded in a simple contracts register and reviewed (where capable of termination or amendment) at least annually, or before renewal where appropriate to ensure these continue to meet the charity's needs and offer good value for money.

Budgeting

Project and annual budgets should include prudent income forecasts that have been tested to confirm that there is a reasonable expectation of securing the funding planned for.

The Board is to review the charity's budget and financial position at each quarterly Board meeting. The budget is to be monitored against actual income and expenditure during the year and updated where appropriate to reflect material changes in anticipated income, expenditure or project activity.

The overall annual budget is to be agreed by the Board, normally before the start of the financial year.

Financial Reporting

Up to date financial reports should be submitted to the Board regularly. Reports should be simple and clear so 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.

The charity's financial position is to be a standing agenda item at Board meetings, with relevant financial information circulated to trustees in advance where practicable.

Financial Management

The Treasurer and Artistic Director 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.

The effectiveness of the charity's internal financial controls is to be reviewed by the Board at least annually and following any significant financial loss, fraud, attempted fraud or other material control failure or near miss. Any necessary improvements are to be implemented promptly.

Cash

Where cash is received or held:

- Cash is kept securely and separately from personal money;
- Access is restricted;
- Cash payments are avoided where possible;
- Cash receipts are recorded;
- Cash is banked promptly and gross;
- Where collections are counted, wherever practicable two people should be involved.

Banking

Bank Accounts

Bank, savings and other financial accounts may only be opened or closed with the written approval of the Board, or in accordance with a specific delegation approved by the Board.

- All bank and savings accounts are to be reconciled at least monthly against the accounting records.
- Bank reconciliations are to be reviewed by a second person to identify any discrepancies, with any unexplained discrepancies investigated promptly.
- All accounts must be in the charity's name;
- A list of all bank/savings accounts is maintained;
- Unused accounts are closed;
- Charges, interest rates and suitability are reviewed periodically;

So far as reasonably practicable, financial duties are to be divided so that no individual has sole control over a transaction from initiation to recording and review. The person authorising a transaction should be different from the person making it. Where full segregation of duties is not practicable because of the charity's size or operating arrangements, appropriate compensating controls are to be used, including independent review of transactions.

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 is to be reviewed annually

The setting up of, or any change to, a bank mandate must require dual authorisation, with at least one of the authorisers being a trustee.

Cheques

Where cheques are used, they should only be used where electronic payment is not practicable. Blank cheques must never be signed, cheque books must be kept securely, and all payments must be recorded promptly.

Non-Standard or Unexpected Payment Requests.

Any unexpected or unusual request for payment, change of bank details or change to an established payment instruction must be independently verified using a trusted contact method already held by the charity. Particular care must be taken with requests made by email, telephone or video because of the risks of impersonation, compromised accounts and AI-generated voice or video.

International Transfers.

Payments overseas for goods or services in the normal course of the charity's activities may be made in accordance with the Board-approved Finance Delegation List and the charity's usual payment controls.

Where the charity transfers charitable funds overseas other than in payment for goods or services, or where a transaction involves an overseas partner, intermediary or higher-risk jurisdiction, appropriate due diligence and risk assessment are to be carried out. The charity must maintain an adequate audit trail and, where appropriate, take reasonable steps to verify that the funds have been received and applied for the intended charitable purpose. Advice or approval from two or more trustees with relevant experience is to be sought where the nature or level of risk warrants it.

Income

Regular checks are to be carried out to ensure that records are being accurately maintained and that there are no discrepancies in the accounting records.

- 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 received through online payment processors, fundraising platforms or card-payment systems is to be reconciled regularly against the amounts received into the charity's bank account.

Restricted funds - are to be accounted for separately to ensure these are only used in accordance with donors' restrictions.

Multi-year funding - funding relating to more than one financial period is to be identified and monitored so that funds are used in accordance with the terms and conditions of the funding. The accounting treatment and timing of income recognition are to be determined in accordance with the applicable accounting standards and Charities SORP.

Anonymous or suspicious donations - are to be subject to appropriate due diligence to minimise the risk of fraud.

Expenditure

Delegation of Authority

The Artistic Director has authority to make payments in line with the Board-approved Finance Delegation List.

Approval and Payment

Prior approval of the Board of Trustees is required for any project, proposal or expenditure that is

outside the approved business plan or budget, or that is expected to result in an approved budget being exceeded.

All expenditure must be properly authorised, represent good value for money and be on appropriate items or services. Delegations and any subsequent changes are to be issued in writing and clearly specify budget lines and limits.

Where appropriate, invoices or other supporting documentation should be checked against the goods or services received before payment is made.

Electronic Payments

Anyone able to make payments is to be made aware of basic cyber security steps, including the risk of online scams, including AI voice scams.

Payment Procedures

Payments systems, such as cheque books, payment cards and online systems and passwords should be adequately safeguarded. Physical items, such as banking authentication devices or credentials and cheque books should be kept under lock and key when not in use.

Passwords must be strong and unique, must not be shared, and must be stored securely, for example using an appropriate password manager. Passwords must be changed promptly if compromise is known or suspected. Multi-factor authentication should be enabled on financial, email and other sensitive accounts wherever available.

Cheques should always be crossed, blank cheques never signed, and mandates restricted to only those who need to sign cheques.

Where the charity's banking arrangements permit, electronic payments should operate on a dual-authorisation basis, with one person setting up the payment and another appropriately authorised person approving it.

Debit Card

Charity debit cards may only be issued to individuals authorised by the Board and must only be used for legitimate charity expenditure within the limits of the Board-approved Finance Delegation List.

- The cardholder must obtain and retain receipts or other supporting documentation for all transactions, including contactless payments.
- Debit card transactions are to be reconciled regularly against the charity's bank statements and accounting records and reviewed by someone other than the cardholder.
- The card, PIN and other authentication credentials are to be kept secure and must not be shared.

- Any spending limits set by the bank or Board are to be observed.
- Use of the card through a mobile payment system or digital wallet, such as Apple Pay or Google Pay, is subject to the same controls.
- A lost or stolen card must be reported to the bank immediately. The card must be cancelled when the cardholder is no longer authorised to use it.

Travel Expenses

Claims should be approved by the Treasurer to confirm that the journey was valid, undertaken and the amounts claimed were reasonable in the circumstances. Expenses claims are to be checked by the Treasurer to ensure that the expenses policy has been complied with. No individual may approve their own expense claim. Where the Treasurer is the claimant, the claim must be approved by another unconflicted trustee.

Novel and Contentious Expenditure

This is defined as follows:

- **Novel** – expenditure that is unusual, outside the charity's normal activities, or was not specifically contemplated by the approved budget, business plan or relevant policies.
- **Contentious** – expenditure which may comply with the charity's policies and delegated authorities but could reasonably give rise to concerns about propriety, value for money, reputational risk or whether it is an appropriate use of charitable funds.

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

Assets

Fixed Assets and Equipment

Expenditure on assets costing £1,000 or more, with an expected useful economic life of more than one financial year, will normally be capitalised and depreciated over the asset's estimated useful economic life.

In general, the minimum value for an item to be treated as a capital asset is £1,000.

- A fixed asset register is maintained and reviewed annually.
- Subsequent to the annual review, insurance cover is reviewed to prevent being under or over insured.
- Nobody should remove assets or items of equipment without prior approval from the Board of Trustees.

- Disposal or scrapping of fixed assets must be appropriately authorised and recorded in the fixed asset register and accounting records.

Cryptoassets

The Board of Trustees must approve any decision to accept or hold donations of cryptoassets. Before doing so, the charity will assess the opportunities, benefits, risks and limitations involved and ensure that it has, or obtains, appropriate expertise.

If the charity decides to accept or hold cryptoassets, it will adopt appropriate financial and other controls, use suitable and appropriately regulated platforms where applicable, maintain adequate records, consider any tax and accounting implications, and keep the risks under review. Cryptoasset donations are not eligible for Gift Aid under current HMRC rules. Where cryptoassets are converted into money by the donor before donation, normal Gift Aid rules may apply.

Other Issues

Fraud/Bribery

Any suspected or attempted fraud, theft, bribery, cyber-crime or other financial crime must be reported promptly to the Board of Trustees. The charity will take appropriate steps to protect its funds and assets, preserve relevant evidence and keep a record of the incident and the action taken.

Where appropriate, the matter will be reported to Report Fraud, the Charity Commission as a serious incident, and/or any other relevant authority or regulator. The Board will review the circumstances of any actual or attempted fraud or financial crime and consider whether changes to the charity's financial controls or procedures are required.

Gifts and Hospitality

Trustees and others acting on behalf of the charity may from time to time be offered gifts or hospitality by suppliers, funders or other third parties. Gifts or hospitality must never be accepted where they are, or could reasonably be perceived to be, a bribe, corrupt payment, inducement or means of securing preferential treatment.

Gifts or hospitality with a value of £50 or more must not be accepted and retained without approval of the Board. Gifts or hospitality below this value may only be accepted where this is reasonable, proportionate and would not give rise to a conflict of interest or reputational concern.

Gifts or hospitality **given, accepted or refused** are to be recorded in the Hospitality Register maintained by the Treasurer where their value is £10 or more, or regardless of value where there may be a conflict of interest, reputational concern or question of propriety. Items below £10 need not otherwise be recorded.

Where gifts or hospitality relate to a trustee and give rise to a relevant interest, they are also to be recorded in the charity's Register of Interests. The Hospitality Register is to be reviewed annually by the Board.

Losses

Any unexpected or material 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. Any accounting write-off is to be recorded in accordance with the charity's applicable accounting policies, accounting standards and the Charities SORP. 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.

Records

- Accounting and financial records, including cash books, invoices, receipts, bank statements and other supporting documentation, are to be retained for at least six years from the end of the accounting period to which they relate, or longer where required by law, HMRC or another applicable requirement. Gift Aid records are to be retained in accordance with HMRC requirements.
- Archives are organised to enable records to be easily identified and retrieved.

IT and Online Security

- Security software, such as anti-virus and firewalls, are to be kept up-to-date, preferably by automatic renewal.
- There are effective controls for authorising and managing access.
- Software updates are installed promptly.
- Passwords must be strong and unique, must not be shared, and must be stored securely, for example using an appropriate password manager. Passwords must be changed promptly if compromise is known or suspected. Multi-factor authentication should be enabled on financial, email and other sensitive accounts wherever available.
- Data is remotely backed-up on a regular basis.
- There are disaster recovery procedures that would restore data quickly and fully enough; these have been tested.
- No sensitive financial information is to be entered into Large Language Model AI systems, such as ChatGPT or Gemini.
- Financial information, including back-ups, stored on shared drives is accessible only to those who need to have access to it.
- Adequate security procedures are in place for online purchasing.

- Board members are aware of what they need to do (and not do) to maintain online security.
- access rights are reviewed periodically;
- access is removed promptly when no longer required;
- backups are tested periodically to ensure restoration is possible.

Version Control - Approval and Review

Version No	Approved By	Approval Date	Main Changes	Review Period
1.0	Board	02/12/2024	Initial draft approved	Annually
2.0	Board	10/10/2025	Addition of Non-Standard Payment Requests section. IT and Online Security section: Adequate security procedures point	Annually
3.0	Board	29/10/2026	Annual review; applicability and segregation of duties clarified; trustee and connected-person payment controls strengthened; bank reconciliation and mandate controls updated; multi-year funding treatment clarified; fraud, payment verification, cyber-security and record-retention controls updated; banking and overseas payment controls revised.	Annually

Regulatory Guidance

Charity Commission Guidance
Charities, fraud and financial crime
CC: 8 - Internal Financial Controls
Compliance toolkit

Useful Links:
Charity Governance Code: 4 Decisions, Risk, Control
Charity Digital: Free anti-fraud resources for your charity (Jan 24)