



Somerset Armed Forces Day CIC
Company number 13516007

FINANCIAL CONTROLS POLICY

Version 2026.Final
Agreed by the executive committee February 2026
Review Cycle: Annual

1. Purpose

- a. This Financial Controls Policy sets out how Somerset Armed Forces Day CIC manages, monitors and safeguards its financial resources.
- b. The purpose of this policy is to:
 - i. Protect the CIC's funds and assets
 - ii. Ensure transparency and accountability
 - iii. Prevent fraud and financial mismanagement
 - iv. Support compliance with Companies House and CIC Regulator requirements
 - v. Provide assurance to funders, sponsors and stakeholders

2. Scope

- a. This policy applies to:
 - i. Directors
 - ii. Staff (if employed)
 - iii. Volunteers handling funds
 - iv. Contractors authorised to incur expenditure
- b. All individuals must act in the best financial interests of the CIC.

3. Roles & Responsibilities

- a. Board of Directors
 - i. The Board has ultimate responsibility for:
 1. Financial oversight
 2. Budget approval
 3. Monitoring income and expenditure
 4. Reviewing annual accounts
 5. Ensuring compliance with statutory obligations
- b. Treasurer or Finance Lead (if appointed)
 - i. Responsible for:
 1. Day-to-day financial record keeping
 2. Bank reconciliation
 3. Reporting to the Board
 4. Monitoring cash flow

4. Bank Accounts

- a. All funds must be held in an account in the name of Somerset Armed Forces Day CIC.
- b. At least two authorised signatories must be registered.
- c. Online banking access must be restricted to authorised individuals only.
- d. Changes to signatories must be approved by the Board.

5. Authorisation of Expenditure

- a. Spending Limits
 - i. Up to £500 – Single Director approval
 - ii. £500–£2,000 – Two Director approvals
 - iii. Over £2,000 – Board approval recorded in minutes
- b. (These thresholds may be adjusted by Board resolution.)
- c. No individual may approve payment to themselves.

6. Payments

- a. All payments must:
 - i. Be supported by an invoice or written agreement
 - ii. Be recorded in the accounting system
 - iii. Be authorised in accordance with this policy
- b. Where possible:
 - i. Payments should be made electronically
 - ii. Cash transactions should be avoided

7. Cash Handling (Event Day)

- a. Where cash is collected (e.g., donations, merchandise):
 - i. A minimum of two individuals must oversee counting
 - ii. Cash must be counted and recorded immediately
 - iii. A signed reconciliation form must be completed
 - iv. Funds must be banked promptly
- b. Cash should never be taken home unless unavoidable and authorised.

8. Income Management

- a. Income sources may include:
 - i. Sponsorship
 - ii. Grants
 - iii. Donations
 - iv. Stallholder fees
 - v. Merchandise sales
- b. All income must:
 - i. Be recorded promptly
 - ii. Be reconciled against bank statements
 - iii. Be allocated to the correct budget category
- c. Grant income must be tracked separately if required by the funder.

9. Budgeting & Monitoring

- a. An annual event budget must be approved by the Board.
- b. Financial reports must be reviewed at least quarterly.
- c. Variances must be explained and recorded.
- d. Forecasting should be undertaken ahead of major commitments.

10. Financial Records

- a. The CIC will maintain:
 - i. Accurate accounting records
 - ii. Invoices and receipts
 - iii. Bank statements
 - iv. Grant agreements
 - v. Sponsorship agreements
- b. Records must be retained for at least six years in accordance with legal requirements.

11. Expenses

- a. Volunteers and Directors may claim reasonable expenses where agreed.
- b. Requirements:
 - i. Completed expense claim form
 - ii. Original receipts
 - iii. Approval by a Director not connected to the claim
- c. Expenses must not include personal benefit beyond reasonable costs incurred.

12. Conflict of Interest

- a. Where a Director or connected party may financially benefit:
 - i. The interest must be declared
 - ii. The Director must withdraw from decision-making
 - iii. The decision must be recorded in meeting minutes

13. Fraud Prevention

- a. Somerset Armed Forces Day CIC operates a zero-tolerance approach to fraud.
- b. Measures include:
 - i. Separation of duties where possible
 - ii. Dual authorisation for larger payments
 - iii. Regular bank reconciliations
 - iv. Annual independent review (where appropriate)
- c. Suspected fraud must be reported immediately to the Chair and may trigger the Serious Incident Reporting process.

14. Asset Management

- a. Assets such as equipment, signage, or merchandise stock must:
 - i. Be recorded in an Asset Register
 - ii. Be stored securely
 - iii. Be reviewed annually

15. Annual Accounts & Reporting

- a. The CIC will:
 - i. Prepare annual accounts
 - ii. File accounts with Companies House
 - iii. Submit CIC Report to the CIC Regulator
 - iv. Present financial summary to stakeholders where appropriate

16. Insurance

- a. The CIC will maintain appropriate insurance including:
 - i. Public Liability Insurance
 - ii. Employer's Liability Insurance (if applicable)
 - iii. Event insurance
- b. Insurance details must be reviewed annually.

17. Review of Policy

- a. This policy will be reviewed annually by the Board and updated as necessary.

18. Commitment Statement

- a. Somerset Armed Forces Day CIC is committed to responsible stewardship of funds to ensure that all income is used to deliver community benefit and uphold the principles of the Armed Forces Covenant.