



The Caldecott Foundation Helping children build a future

INTERNAL FINANCIAL CONTROLS & DELEGATED AUTHORITIES

Issued by Mr. Nicholas Barnett, Chief Executive Officer

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INTERNAL FINANCIAL CONTROLS OVERVIEW

What is this guidance about and who needs to read it?

This guidance sets out the basic internal financial controls. It is expressed in terms appropriate for our charity which is a company “limited by guarantee”.

This guidance does not aim to be an exhaustive list of controls and cannot cover every eventuality. The guidance given here does not remove the need for Trustees to seek appropriate professional advice when required. There may be instances where trustees need to approach the Charity Commission for further guidance. Every Trustee should read this guidance in conjunction with “The Essential Trustee: What you need to know” (CC3) and “The Hallmarks of an Effective Charity” (CC60) which are available from the Charity Commission’s website.

It is the fundamental duty of all charity trustees to protect the property of their charity and to secure its application for the objects of the charity. To discharge this duty it is essential that there are adequate internal financial controls over the charity’s assets and their use. Controls are a necessary feature of any well run organisation. Because of the special characteristics of the charitable sector, they play an essential part in helping to show potential donors and beneficiaries that a charity’s property is safeguarded and that its management is efficient.

Meaning of words and expressions used

In this document:-

Budget means an estimate of future incoming funds, expenditure and other applications of funds for a particular accounting period. This is set annually and once approved by the Trustees remains the same for the entire accounting period.

Forecast means revised estimates of future incoming funds, expenditure for the duration of the budget and may be used to predict the position further into the future. It is based on actual results and up to date information.

Trustees means charity Trustees. Charity Trustees are the people who, under the charity’s governing document, are responsible for “the general control and management of the administration of a charity” (Section 97 of the Charities Act 1993).

Current assets includes cash, bank and building society deposits, consumable stocks, debtors and pre-payments or any other amounts receivable in the short term.

Fixed assets include land, buildings, vehicles, equipment, fixtures and fittings, ICT and investments held on a continuing basis.

Governing document means any document which sets out the Caldecott Foundation’s purposes and how it is to be administered. This is in the Foundation’s Memorandum and Articles of Association.

Continued.....

Internal Financial Controls

Auditor means a person eligible under section 25 of the Companies Act 1989 to audit the accounts of companies, i.e. a registered auditor, or in the case of an audit which is required by the governing document of a charity rather than by the Charities Act 1993 or the Companies Act 1985, a person qualified to conduct the audit.

Must is used to refer to actions that Trustees or employees are obliged to take by law.

Recommend or **advise** are used where actions are considered to be good practice but which do not represent a legal requirement.

Are Controls really necessary for Charities?

It is sometimes argued by Trustees that charities should not be required to put positive systems of control into place because they are able to operate on trust alone. While this may be the ideal situation, it is not realistic. Charities are unusual organisations, in that they are managed for the beneficiaries of that charity rather than for the benefit of shareholders/members. It is advisable, therefore, that Trustees be able to show to both donors and beneficiaries that the charity's assets are safe. Without the ability to show that checks and controls have been implemented it would not be possible to offer that security.

It is important to remember that while the vast majority of people are honest, all organisations need to take steps to avoid putting people in situations where they might be tempted to defraud. Also, if a charity fails to issue proper guidelines individuals may, out of ignorance, act in a way which damages the reputation of the charity, e.g. by not separating charity funds from their own.

Experience has shown that the implementation of internal financial controls is something which is welcomed by all concerned. The controls act to protect the interests of the beneficiaries of the charity, its employees and indeed the Trustees themselves (who are thereby protected from any charge of neglecting their duty of protecting the charity's funds).

The fundamental responsibility for control of the charity's activities and funds is that of the Trustees themselves. The Trustees have delegated administrative duties to Caldecott Foundation staff, therefore, additional controls are necessary in order to ensure the delegated duties are being properly discharged.

Accounting Requirements

Trustees have the following duties with regard to Caldecott accounts:-

- The Trustees are under a duty to ensure that the charity keeps proper books and records and that annual accounts are prepared. Proper internal controls are essential for this. The Trustees must also prepare an annual report. The report and accounts should conform to any relevant requirements and recommendations, particularly Part VI of the Charities Act 1993, the Charities Act 2006, the Charities (Accounts and Reports) Regulations 1995 and 2000 and Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2000), and in the case of charitable companies such as Caldecott, Part VII of the Companies Act 1985.

Continued.....

Internal Financial Controls

- Trustees must ensure that the accounts are subjected to external scrutiny.
- Trustees must formally approve the charity's annual report and accounts.

Trustees are provided with copies of Caldecott's report and accounts each year. New Trustees are given a copy of the latest accounts on appointment, together with other essential documents such as the governing document and information about the charity's history.

The Charity's Organisational Structure

The internal control systems are based on the plan of the Caldecott Foundation's structure which clearly shows:-

- Areas of responsibility.
- Lines of authority.
- Lines of reporting.

It covers individual elements of the charity's financial administration. All controls have been implemented bearing in mind the size of the Foundation and its ability to segregate duties.

Trustees' Liabilities

No system of controls, however elaborate, can guarantee that a charity will be totally protected against abuse. Trustees often express concern about the extent of their personal liability in the event of any loss to the charity through misappropriation or misapplication of its funds. Having sufficiently rigorous controls provides not only protection for the charity property but also the best defence against a charge of failing to protect the charity's funds and thereby being in breach of trust. If funds are lost through Trustees neglecting their duty of care they could be held personally liable to repay to the charity the funds lost. However, if reasonable controls are in place then Trustees are unlikely to find themselves in the position of having to make good any such loss. A good system of internal control is also an essential precondition for reporting accurate management and statutory accounts to Trustees.

Register of Trustees' Interests

On appointment and annually in September Trustees are required to disclose their other interests, directorships or any association with another charity or company that may or may not cause a conflict of interest.

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Internal Financial Controls

DELEGATION OF DUTIES TO EMPLOYEES OF THE CHARITY

Charity Trustees have a duty to ensure that all property of the charity is brought under their controls as soon as is reasonably practicable, and that it remains under their control until it is applied for the purposes of the charity. This duty does not mean that every single step has to be taken by the Trustees themselves. The checks and controls in this document are delegated to specific key employees. Where the Trustees make a conscious decision to delegate they are required to ensure that the delegation is authorised either by the charity's governing document, or by section 11 of the Trustee Act 2000, and that the scope of the delegation is clearly laid down in writing and understood both by the Trustees and by the delegates. Tasks and limitations of delegated authority are recorded in employees' job descriptions.

Even where a control function has been properly delegated, Trustees should ensure that systems and procedures are in place to enable them to check that the necessary controls are in force and functioning correctly. Trustees have a legal duty to exercise such care and skill as is reasonable in the circumstances when selecting a delegate and when determining the terms on which the delegate is to act. They also discharge their responsibility through the Chief Executive Officer, who ensures that the legal duty to review the arrangements is followed, including the authority under which the delegate acts and how those arrangements are being put into effect. Consideration is given to the need for:-

- Giving the delegate directions as to the exercise of his functions.
- Revising the terms of the delegation.
- Terminating the delegation.

The Chief Executive Officer will liaise with Trustees who have a duty to exercise such care and skill as is reasonable in the circumstances when discharging these review duties. If they fail to exercise reasonable care and skill when appointing delegates and reviewing their performance, Trustees may be personally liable for losses resulting to the charity from the acts of the delegate.

Trustees must bear in mind the need to look particularly critically at the areas of highest risk in the Caldecott Foundation. Advances in technology may be used to simplify many record keeping and transaction processes. This does not remove the need for sufficient controls to be put in place. It will, however, require that controls be adapted to meet the changes in practice which will occur.

The purpose of the delegated authorities is;

- To present clearly the authority of each person or committee,
- To set out a schedule of significant matters reserved for the Board's decision which cannot be delegated to staff or committees,
- To explicitly state the extent to which the Board delegates authority to the chief executive and through the chief executive to other staff,
- To make this information known to staff within the organisation.

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Internal Financial Controls

SCHEDULE OF MATTERS RESERVED FOR BOARD DECISION

Except where determined by statute or by the governing document, the governance of the charity is vested in the Board of Trustees. Trustees remain responsible for supervising the management of the charity, although executive action is delegated to the Chief Executive Officer. Subject to its governing document and relevant legislation, the Board of Trustees may delegate such matters as it considers appropriate.

The following is a non-exhaustive list of those matters that the Board of Trustees cannot or do not intend to delegate.

Strategic and budgetary matters

- Responsible for supervising the overall management of the charity, ensuring compliance with the charity's objects and relevant legislation;
- Agree the strategic aims and objectives of the charity;
- Approve/amend proposals for the delivery/cessation of delivery of services to further the charitable objects or changes to the charity's activities;
- Approve proposals for the expansion of activities into new geographical areas;
- Ensure that trading and other activities do not compromise charitable status;
- Approve/amend the charity's policies and procedures for internal control and the management of risk and protection of the charity's property (including insurance);
- Approve/amend proposals for capital investment/expenditure, including the spending of capital over £50,000 if budgeted and £10,000 if not budgeted;
- Approve/amend budgets;
- Approve/reject proposals for the acquisition/disposal of land/buildings, or change in its use, following the receipt and consideration of professional guidance;
- Approve the opening of bank accounts;
- Approve any changes in bank signatories or changes in BACS payment authorisations;
- Agree and review investment strategy, in line with relevant policies;
- Authorise delegated powers and limitations to the Chief Executive Officer and other members of senior management, where appropriate;
- Decisions relating to court proceedings against or on behalf of the charity;
- Approval of purchasing trustee indemnity insurance from charity funds;
- Approve the transfer of charity property to another charity with similar objects;
- Designations of unrestricted funds;
- Approval of Borrowing;
- Receive/present/approve the charity's annual report and accounts.
- Receive and review such reports as the Board requires from the Sub-Committees and individuals, with regard to the use of such delegated powers, and ratify/reject any recommendations presented to the Board;
- Receive and review such reports from members of the charity's staff pertaining to the activities of the Foundation in furtherance with the charitable objects;
- Receive and review reports from the Finance Department on the financial performance of the Foundation against agreed budgets/strategy;
- Receive and review reports from the Chief Executive Officer pertaining to meeting the charity's goals as agreed in the strategic and business plans.

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Internal Financial Controls

Regulations and control

- Responsible for all matters related to the creation or dissolution of subsidiaries;
- Responsible for registering charity and providing further information, as requested, to the Charity Commission and Companies House, or to advise if charity ceases to exist;
- Approval of recommendations to change/amend the charity's governing document, subject to the approval of the Charity Commission and members where applicable;
- Approval of a schedule of matters reserved for the Board and financial reporting for the regulation of its proceedings and business;
- Approval of resolutions to be put forward by the board at a general meeting;
- Ratify any urgent decisions taken by the Chair and Chief Executive Officer;
- Require & receive declarations of interests for Trustees and staff that may conflict with those of the charity, and determine the manner in which such conflicts will be managed;
- Approve arrangements for dealing with complaints;
- Establish/review/amend terms of reference and reporting arrangements of all committees of the Board, and any ad hoc committees;
- Where regulations have been broken by a trustee/staff member, the Board of Trustees has the power to retrospectively ratify that action, or seek redress/resolution;
- Decisions on any matter, which is likely to generate significant reputational risk and affect the image of the Caldecott Foundation.

Appointments/remuneration/discipline

- Approve any changes to the size, structure and composition of the Board
- Nominate and elect a Trustee to serve in the positions of Chair, Vice-Chair(s) and Treasurer where appropriate;
- Appoint and dismiss committees and individual members of committees that are accountable to the Board;
- Put in place effective procedures for the succession planning of the Board;
- Appoint, appraise and dismiss the Chief Executive Officer, where applicable;
- Agree procedures for the effective evaluation of the Board and individual Trustees, and committees.

Policies

Establish/review/amend/approve key foundation policies including:

- Trustee code of conduct;
- Trustee engagement/agreement to serve letter;
- Employment policy;
- Health and safety policy;
- Investments policy;
- Reserves policy;
- Whistle-blowing policy;
- Risk management policy;
- Conflicts of interest policy;
- Equality & Diversity policy;
- Powers of Delegation policy.

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Internal Financial Controls

DELEGATED AUTHORITIES

Authority levels attach to jobs and not to people. They are related to specific jobs and are in no sense a reflection of the status of an individual. Regardless of whether they have the authority to do so, no single person should authorise every step in a procurement process. Authority is generally exercised by original signature, email, or Board or Committee minute as appropriate, and it is the Chief Executive Officer's responsibility to see that minutes are implemented.

Every individual authority holder should appoint absence cover, and should clearly advise the person covering of the basis upon which they may act. Anyone who is able to authorise something only because they are acting as absence cover, should make that clear (e.g. by saying "Signed on behalf of..."). The Executive Support Manager has permanent authority to act as absence cover for the Chief Executive Officer. Otherwise if no absence cover is made, authority reverts upwards.

For all expenditure, the following authorisation limits apply for the second signature:

Administrators (MH & School)	£150
Registered Manager	£500
Senior Manager	£2000
HR & Business Manager	£5000
Chief Executive Officer	£50,000

Subject to the above limits, the Trustees delegate authority to Foundation staff for the following:

Capital items

Acquisition or disposal of capital assets,
Authorise overspend on capital budgets: Managing Director up to £10k.

Revenue items

Initiate and authorise expenditure within revenue budget,
Authorise expenditure in excess of budget, where offset by underspend elsewhere in budget,
Authorise expenditure in excess of overall budget: Chief Executive Officer up to £10k,
Authorise/sign replacement contracts for existing work,
Authorise bad debt write offs: Head of Finance up to £5k,
Authorise travel expenses,
Make purchases on company credit or debit card. Cardholder must authorise,
Sign cheques, subject to cheque signing mandates. No limit for Chief Executive Officer,
Authorise petty cash,
Authorise payroll & pension payments. No limit for Chief Executive Officer,
Authorise BACS payment runs. No limits for authorised cardholders,
Negotiate insurance claims.

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Internal Financial Controls**Staff management**

Authorise recruitment of staff,
Authorise setting of new staff salary,
Authorise grade increases,
Authorise individual salary increases for increased responsibilities,
Authorise suspension or dismiss staff,
Take disciplinary action,
Authorise salary advances,
Authorise ex gratia payments or compromise agreement payments.

Developments /new work

Approve delivery plans,
Approve business case for new project,
Authorise/sign contracts for new work,
Appoint consultants and professional advisors.

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Internal Financial Controls

Basic Internal Controls

Segregation of Duties

One of the prime means of control is the separation of those responsibilities or duties which, if combined, would enable one person to record and process a complete transaction. If duties are segregated this reduces significantly the scope for errors and oversights, as well as deliberate manipulation or abuse, and builds in additional checks. For example, if the person who records incoming cash is the same person who checks that cash paid in is recorded on the bank statements, it would not be easy to detect any dishonesty. Mistakes are more likely to go undetected if a person checks their own work. The principle of segregation is important with regard to both income and expenditure and capital transactions. As a small organisation the degree of segregation that can be achieved is restricted. We get around this by splitting tasks into stages and ensuring that stages are alternated and that work is checked by someone other than the person who completed the stage. The chart showing segregation of duties is attached, please see page 12.

Qualification of Staff and Advisors

Trustees, where necessary, have access to independent professional advice. They ensure that their staff and any volunteers are competent, properly trained and qualified for the tasks they have to perform by a rigorous and documented recruitment procedure, induction, appraisal and review. The relationship between the charity's Trustees, accountant and independent examiner or auditor ought, wherever possible, to be one of on going dialogue, rather than simply an annual exchange of records and information. Any general or specific advice from the accountant, independent examiner or auditor must be brought to the attention of all Trustees.

Budgetary Controls

Internal controls, having been put in place, show that Trustees have taken good precautions to protect the Foundation's funds. However, in order to achieve full control over the charity's finances, it is necessary to work within an agreed budget and to undertake full financial planning. Proper and realistic estimates of expected income and expenditure need to be made for each financial year. Regular reviews are made to ensure that the Foundation's budgets are realistic. Once the budget is agreed it is used when reporting actual activity. In addition a quarterly review of the budget is undertaken resulting in a forecast which is used to show up-dated expected outcomes. Management accounts are produced by department. Meetings are held with managers to review performance and record changes to the environment etc. which are reflected in the accounts.

Approval of the budgets and accounts can only be done after discussion at Trustee meetings. The discussions need to be fully minuted. Financial information is given to Trustees in a format that they understand but should be regularly reviewed to ensure changes in the Foundation are reflected in the reporting.

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Internal Financial Controls

The budget is set for the year based on the current business plan and approved by the Trustees. Forecasts are prepared by using and up-dating the remaining months with current information to produce a losing position forecast. Forecasts are also projected past the year end to provide rolling forecast information. The forecast will be used as one of the information sources to produce the following year's budget. The budget remains intact and reports are completed showing actual results to budget and/or forecast. Any significant variances are explained.

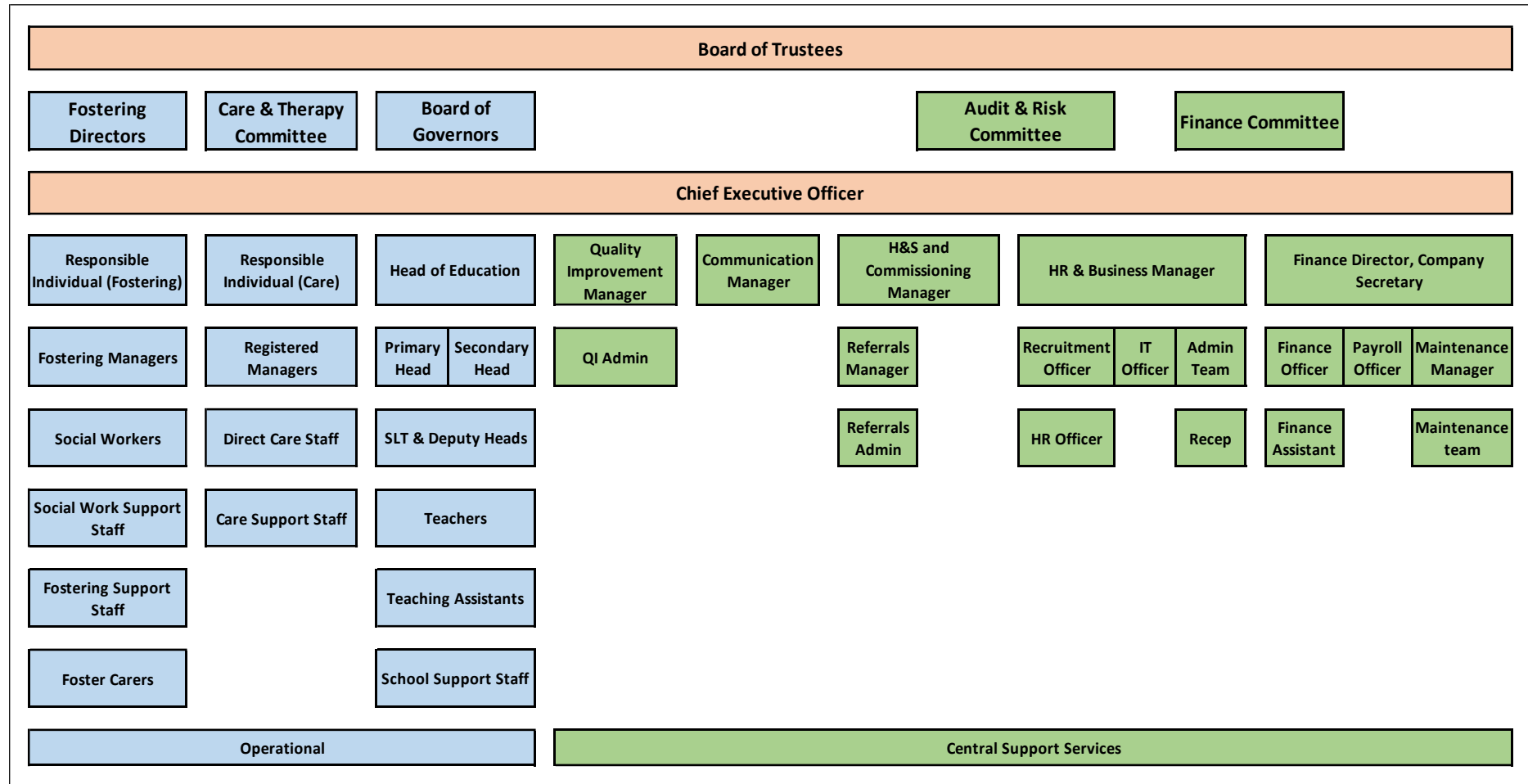
Annual capital expenditure budgets are prepared by the Head of Finance who reports to the Trustees from a schedule of estimated values and related justification. If acceptable they should also be agreed by the Trustees and minuted.

Trustees have been recruited with particular financial expertise. Training is provided for new Trustees in the financial matters which affect the Foundation and in the reports produced.

Trustees have the overall responsibility for budgetary control even when it is devolved.

Internal Financial Controls are reviewed annually by the Audit and Risk Committee and issued by the Chief Executive Officer.

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*Internal Financial Controls***THE CALDECOTT FOUNDATION ORGANISATIONAL CHART**

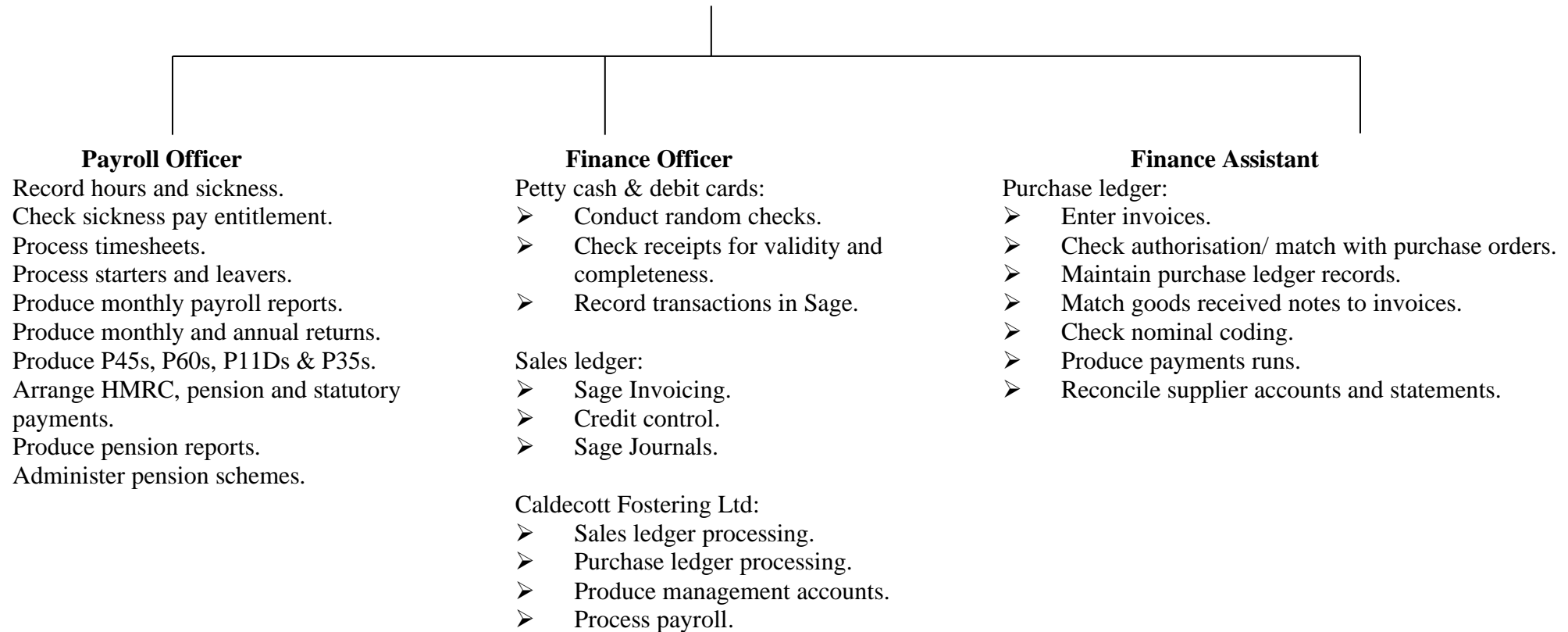
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Internal Financial Controls

SEGREGATION OF DUTIES BY FUNCTION (No transaction from beginning to end is completed by one person. Cover is provided within the department. Entries and coding are checked within the department).

Finance Director

Fixed asset management; budgets; management accounts; strategic plans and costing; financial accounts; budgetary control; forecasts; nominal ledger reconciliations; payroll checks; bank reconciliations; insurance; code checks; grant accounting; fundraising reconciliations; income reconciliations; electronic payments; cash management; pension position reports.



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Internal Financial Controls**FINANCIAL ACCOUNTS**

The Caldecott Foundation's accounts are contained in the nominal ledger. This ledger has input from the purchase ledger, sales ledger, cash and bank account transactions, and the payroll. Other entries are made via journal entry directly on to the nominal ledger.

Software Systems

The Foundation uses financial software packages:-

- The general ledger accounting software is Sage.
- Electronic banking transactions are made using Barclays internet banking.
- Payroll and HR software is Sage.

All current and future developments are planned to be Sage compatible to allow an integrated approach where possible.

Each part of the Sage system is protected by passwords and authorisation levels so that specific personnel can access only their areas of responsibility.

Sage payroll is further restricted to 2 members of staff via password and installation.

The electronic payments software is only loaded onto required computers and is further protected by restricted card access to authorised members of staff.

The accounting systems are backed up daily where server based, or are cloud based.

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Internal Financial Controls**MANAGEMENT ACCOUNTS**

The management accounts are produced monthly and the format (listed below) is agreed by the Board of Trustees. The figures are rounded to £'000s and the actual figures achieved are reported against budgeted and forecast figures, and the previous year's performance.

1. Consolidated income and expenditure account
2. Individual pages for income and expenditure;
 - a. Residential care
 - b. School
 - c. Fostering
 - d. Therapy
 - e. Support services
 - f. Fundraising
3. Occupancy Graphs
4. Key performance indicators
5. Capital spend against budget
6. Fundraising balances
7. Cash Flow
8. Balance Sheet
9. Variance report
10. Monthly Report and explanatory notes (written)

Once produced, items 1-9 are reviewed in the monthly Strategic Management Meeting. Discussions during this meeting form the content of the Board report.

The Board meets quarterly to review the organisational financial performance.

The finance department also provide information for the following Board decisions:

January	Budget Agreement	to Finance Committee first
May	Year End out turn	to Finance Committee first
July	Financial statements	to Finance Committee first
October	Full year Forecast	to Finance Committee first

The timing of the board meeting during the month determines which month's accounts are available as the accounts cannot be prepared until 10 working days following month end.

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Internal Financial Controls

FUNDRAISING

Unacceptable Sources of Charitable Donations

The Caldecott Foundation reserves the right to refuse to accept a donation if, in its judgement, there is a risk that this could bring the charity into disrepute.

All electronic and physical donations will be scrutinised by the Business Manager to establish that they are from a bona fide source. Any concerns will be escalated to the Chief Executive Officer before a decision is made on whether or not the monies are accepted i.e. recorded on the Fundraising database and deposited in the Foundation's bank account.

Controls over Incoming Funds

Trustees are under a duty to ensure the Caldecott Foundation staff take control of and safeguard all funds to which the charity becomes entitled. This is devolved to employees in the following ways:

Postal Receipts

It is important to take all possible action to bring all funds sent to the charity by post into its control as soon as possible. Most income is paid directly into the bank by our customers and donors. A very small amount of cheques are received and no cash is received by post:-

- Incoming post is opened at the earliest opportunity.
- All incoming monies are passed immediately to the Finance Department.
- Post is usually opened by a nominated individual on reception. Rotation of this duty occurs on an ad hoc basis and is undertaken by the line manager.
- Unopened post is kept securely.

Public Collections

In this respect the aim of internal financial controls is to ensure that the charity has as much control as possible over what is a widespread network of fundraising efforts. It is also important to remember that Trustees have to ensure that they operate according to the various statutory regulations which govern public collections. These regulations are made under the House to House Collections Act 1939 and the Police, Factories etc (Miscellaneous Provisions) Act 1916 (which regulates street collections). This is monitored by the Business Manager and the Caldecott Foundation adheres to these statutes.

In addition to adhering to statutory requirements, the following controls are in place:-

- Collection boxes are individually numbered and documented control exercised over their allocation and return. All collecting boxes are sealed so that any opening prior to recording is readily apparent.
- General public collections are brought into the Foundation by the Business Manager. Alternatively volunteers are nominated to collect the boxes and bring them to the Foundation. The Finance Department opens the boxes and issues receipts.
- Dual control over the handling and recording of all money is maintained by the Business Manager and the Finance Department.

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Internal Financial Controls

Fundraising Events

The responsibilities of the Trustees here are similar to those for collections, i.e. to make sure that the charity is in control of the funds raised on its behalf so that it receives all the money to which it is entitled from such events.

We have the following controls in place:-

- Records are maintained for each fundraising event, in sufficient detail to identify gross receipts, how they have arisen and all costs incurred; and
- For all events for which there is ticket income or gate money:-
 1. Tickets are pre-numbered.
 2. A record is kept of all persons who have been issued with tickets to sell, and of which ticket numbers have been allocated to each.
 3. A record is kept of which tickets have been sold and a reconciliation is made of receipts against tickets sold.

Similar records are maintained for sponsored events. The Caldecott Foundation does not use external fundraisers and all activity is directed by the Business Manager.

The Gift Aid Scheme

Donations through the Gift Aid Scheme are increasingly encouraged through the Business Manager as a tax efficient way of raising funds. This is an important area as encouraging donors to give in a tax efficient way is good financial management. It is important that accurate records are maintained in order to ensure that the charity receives all that is due to it from both the donor and HMRC, and that all money due is brought within the control of the charity without delay.

To ensure that the charity has received all the money to which it is entitled the Business Manager, on behalf of the Trustees:-

- Makes regular checks against records to ensure that expected amounts have been received from the donor.
- Makes regular checks to ensure that in the case of Gift Aid donations from individuals all reclaimable tax has been obtained from HMRC. Particular care is taken to avoid making tax repayment claims in relation to Gift Aid payments which have not in fact been received from the donor.
- Fundraising hold 1 bank account, separate from the Foundation's other accounts, which receives fundraising income and reimburses expenditure paid out on behalf of the Fundraising department.

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Internal Financial Controls

Controls over Expenditure

The Business Manager presents spending requests on a monthly basis to a fundraising panel, who authorise spending. All internal order procedures are followed.

Care is taken to identify and administer separately any funds received where the donor has placed restrictions upon their use and to ensure that they are only used in accordance with these restrictions. The Business Manager keeps a spreadsheet of donations with restrictions and only the Business Manager or Chief Executive Officer can authorise an expense coded to a restricted fund. The Business Manager or Chief Executive Officer will be a signatory on any order which allocates the expenditure to fundraised money.

Records are checked to ensure that there has been no unauthorised credit extended, e.g. through an overdraft facility, and that the finances of the charity are not placed under any strain or credit which has not been approved. Trustees have entrusted the management team to be responsible for all expenditure of charitable funds and to account for how the Foundation's funds have been applied. The basic rules of proper record keeping, segregation of duties, and safe keeping of valuables are all vital.

When making payments the following rules are followed:-

- All expenditure and investment of charitable funds is properly authorised, and it is essential that there is supporting authorised documentation, e.g. an order which identifies which fund is being used, signed by the Business Manager or Chief Executive Officer, itemised receipt or invoice, for all items of expenditure.
- Instruments of payment, such as cheque books and bank mandate forms, are kept in safe custody with access limited to nominated persons.
- Each step of the preparation of documentation for authorisation and evidencing is undertaken by someone other than the person authorising the payment.
- A written statement of policy and practice covering all payment procedures is on page 20 and is available to all Trustees and staff. This includes instructions on who is authorised (and in what circumstances and up to what limit) to place orders or contracts, or to incur any liability on behalf of the charity.

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Internal Financial Controls**DEBTOR CONTROL: SALES LEDGER**

All invoicing is done according to contract, either quarterly in advance, monthly in advance, or monthly in arrears. Each month as part of the income reconciliation sales invoicing for the month is compared to occupancy. Any fee adjustments due to moves are made. The fee is checked to see if additional fees are to be charged (e.g. transport) or if a refund is necessary.

Reducing the Cost of Debtors

- Invoices are raised promptly. Adjustment invoices should be raised as changes occur, i.e. fee changes, starters and leavers.
- For invoices raised at the beginning of the month; statements are sent after 3 weeks with a request to notify us if they have not received the invoice.
- If unpaid by the due date an invoice copy will be sent along with a statement. For invoices raised monthly, this statement and copy invoice will usually accompany the following month's invoice.
- If payment is not received within 2 weeks of the copy invoice and statement being sent, the debtor will be contacted by phone or email to ascertain the reason for the delay.
- If no response is received within 1 week of chasing by phone or email, the Head of Finance will be advised and further chasing action will be agreed.
- If the invoice is in dispute, the course of action must be agreed by either, the Head of Care, Head of Education or the Managing Director.

Receipts are banked as soon as possible. Most local authorities pay directly into the current account using BACs. Amounts becoming overdue due to dispute trigger the need to notify the relevant Head of Service.

Writing off Bad Debts

This may occasionally be unavoidable and will need to be signed off at the following authorisation level:-

- | | | |
|--------------------|---|---|
| ➤ Up to £5,000 | - | Finance Director |
| ➤ £5,001 - £50,000 | - | Chief Executive Officer |
| ➤ £50,001 + | - | Trustees who receive a report explaining the background |

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*Internal Financial Controls***BANK CONTROLS**

Stringent controls exist on the opening of bank accounts and the changing of cheque signatories. New accounts or changes to cheque signatories have to be approved by Trustees at Board meetings and the agreement recorded in the Minutes.

Bank Reconciliations

- Bank reconciliations are prepared monthly for all bank accounts to the month end dates.

Banking and Custody Procedures

Care is taken to ensure that once funds are received into the control of the charity their continued security is maintained.

- Incoming receipts are banked regularly and as soon as possible. Frequency of banking depends on the amount received. Money received prior to banking is kept in the cashiers safe.
- Cash and/or cheques are placed in the safe if they cannot be banked on the day of receipt. The keys to the safe and cash box are held by a nominated officer. Insurance cover is in place to cover cash held in the cashiers safe.
- All incoming money is banked gross, no amounts are held back for “feeding” petty cash so that it is possible to trace particular receipts into the charity.
- The money of the charity is kept separate from any individual’s personal money. No money belonging to the children is held in the Foundation bank accounts, except for children’s savings and where the Foundation is the Corporate Appointee. Children hold their own bank accounts where possible.
- Controls are maintained over paying in and receipt books issued by the charity, both in terms of accounting for all receipts issued, and for stocks of receipt books.
- Income received is recorded promptly, both into paying in books and on to the accounting system.

Income records are randomly spot checked by the Head of Finance to ensure 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 credit date.
- All transfers or other direct payments into the bank can be identified and verified against paperwork.

Continued.....

Internal Financial Controls**PAYMENTS**

Invoices and other details of payments are always kept. Invoices are not paid by cash but either by cheque, or preferably directly into the supplier's bank account via automated banking. The automatic banking service is used to pay employees' monthly salaries. The payment of payroll must be authorised by the Chief Executive Officer.

Controls over Cheque Payments

- Cheques are signed only when evidence of a properly approved transaction is available. This evidence should be an invoice or a cheque request form.
- Where a cheque request form is used, the person who requests a cheque should be separate to the person who prepares the cheque ready for signature and separate to the person(s) who sign the cheque, except where the Head of Finance requests the cheque.
- 2 signatures are required on all cheques, and crossed cheques are used. The signing of blank cheques and cheques in favour of the signatory are prohibited.
- Supporting documents are marked as paid as soon as they have been paid to prevent their use to support further cheque payments.

Cheque Signing

The Caldecott Foundation has delegated bank controls to employees of the Foundation. The bank signatories are currently:-

- | | |
|------------------|---|
| ➤ Nick Barnett | Chief Executive Officer (must sign all cheques over £1,000) |
| ➤ Steve Anderson | Finance Director |
| ➤ Tim Allison | Business Manager |
| ➤ Damion Napier | Referrals and Commissioning Manager |

Controls over BACs Payments

- BACs payments are made only when evidence of a properly approved transaction is available. This evidence should be an invoice, creditors report, payroll/pension report, children's pocket money report, or BACs request form.
- Where a BACs payment request form is used, the person who requests the payment should be separate to the person who processes the payment, except where the Head of Finance requests the payment.
- 2 separate electronic signatures are required for all payments. The Finance Officer or Head of Finance will authorise the first stage, and the Referrals Manager, Business Manager, or Commissioning Manager will authorise the second stage.

Continued.....

*Internal Financial Controls***PURCHASE LEDGER****Control Procedures: Purchases and Creditors**Purchase Orders

- Requisitions for all purchases have to be authorised. The background information and costing are done prior to raising a purchase order. The price is inclusive of all costs.
- **ALL** purchase orders must have 2 signatures if in hard form, or 2 electronic signatures if authorised on Sage. The second signature is the approver, and it is this signature that is subject to the authorisation limits. Adherence to these limits is essential, and for clarity, they can be found on page 7 of this document. These authorisation limits are set within Sage for electronic approvals. All purchase orders over £2000 must be signed by the Managing Director or HR & Business Manager, and all purchase orders over £5000 must be signed by the Chief Executive Officer. All purchase orders over £50,000 must have Board approval.
- All purchases for tangible items need a purchase order to be completed prior to purchase. These orders are recorded directly onto Sage via a login, or on the official Finance Department documentation. The Finance Department will issue the sequential number and keep these records up to date using the Sage system.
- All orders for services must also have a purchase order. If the order cannot be authorised in advance it should be authorised at the first available opportunity. Any orders for services that are not included in the budget (e.g. Agency staff) must clearly state on the face of it why the service is required. These orders are recorded on the official documentation distributed by the Finance Department and must be returned to the Head of Finance when completed. The orders will not be entered onto the Sage system but will be logged and then matched against the supplier invoices. Due to the requirement to validate that the service has been performed to the agreed standard, and due to the fact that the service may vary especially in regard to the number of hours provided, these orders must be further checked against time-sheets and the actual invoices signed by the Registered Manager or Head of Service.
- The face of the order will record the supplier's name, address, quantity ordered, meaningful description of items (not just catalogue numbers) and price inclusive of VAT if applicable, delivery and installation. The purpose of the order should be clearly identified on the face of the order so that the appropriate budget can be charged. Budget holders are expected, wherever possible, to identify the nominal codes and cost centre.
- For any purchases which relate to fundraised money, the Business Manager or Chief Executive must authorise the purchase order.
- Preferred providers should be sought for all regular purchases and value for money principles adopted.

Continued.....

Internal Financial Controls

Receipt of Goods

- Where appropriate the originator is the only person who can identify that the goods or services are to the required standard then the originator takes responsibility for ensuring that the goods are delivered correctly. For fundraised money purchases the Business Manager will be the person to identify the quality of the goods or services received unless this has been clearly designated to another manager.
- All receipts are checked for quality and quantity and if any discrepancies are found the supplier must be notified immediately.
- Delivery notes, a signed explanation and copy order or an Email are sent to Finance to enable a goods received note to be generated. Finance will match this copy to the invoice and the authorisation for payment has been completed. There is no further need for signature. Any discrepancies should be identified so that Finance can arrange a credit or replacement if appropriate. For this process to work the originator must clearly advise Finance.
- Finance will enter goods received and await the invoice. On receipt of the invoice it is matched to the goods received on the system and posted to the purchase ledger checking nominal coding.
- Finance will ensure that suppliers are paid within agreed terms.
- For utilities and other services where receipt of the goods or service are intangible, Finance will record the invoices received and values against the Sage system, for example, the electricity bill. This will ensure that our ability to estimate our commitments is consistent regardless of purchase type. If it is impossible to raise a goods received note a signature on the invoice or an Email confirming satisfaction must be received to authorise receipt of goods or services.

Invoicing and Returns

- All invoices should be addressed to the Caldecott Foundation and should be sent directly to the Finance Department.
- All invoices should reference the order number.
- Invoices will remain in the Finance Department and should not be taken away unless logged out and back in.
- Invoices that match receipts will be processed for payment and coded to the accounts as detailed on the order.
- Records of goods returned will be kept and checked to the credit notes received from the supplier.

Continued.....

Internal Financial Controls

Purchase Ledger and Suppliers

- The purchase ledger is kept on the accounting system. This includes a creditors' control account. Monthly incoming statements are matched to the purchase ledger. Payments are made against suppliers' invoices, never against statements.
- Purchase ledger records are kept by persons independent of ordering, order authorisation and payment routines.
- Payments are made monthly for the majority of suppliers unless otherwise agreed.

Statements from Suppliers

Once a month the statements are reconciled to the purchase ledger and any necessary action taken.

Statements are filed alphabetically and only the most recent kept. At the year end all supplier statements for March of that year are kept as records for year end.

Files are maintained for:-

- Outstanding orders (by Purchasing)
- Invoices awaiting authorisation.
- Authorised invoices ready for payment.
- Paid invoices.

Invoices are paid monthly, i.e. at the end of October for all invoices dated September. If this is outside a supplier's agreed terms then payments are made on Wednesdays each week. The majority of invoices will be paid via the monthly batch payments process. If we have the bank details for the supplier we pay via electronic systems, if not they are paid by cheque. All payments must be supported by invoices. An aged creditors list highlighting the required payments will be available when preparing the monthly automatic payment.

As soon as cheques or automatic payments are made they are immediately recorded on the computerised finance system.

Continued.....

Internal Financial Controls**Who Does What?**

Originator	<p>Identifies need and gains agreement for purchase in theory.</p> <p>Does background costing work.</p> <p>Completes purchase order form including appropriate authorisation. Obtains purchase order number from Finance. Places order with supplier.</p> <p>When goods are received writes “received and acceptable” on the delivery note/generated paperwork or Emails or, if unacceptable, explains why and forwards to Finance.</p> <p>If partial order received then the receipt is recorded as such. When the final part of the receipt arrives this is notified to the Finance Department.</p>
Finance	<p>Ensure that the correct level of authorisation has been achieved.</p> <p>Record orders on Sage system, generating the purchase order number. Provide originator with purchase order number.</p> <p>Match goods received and invoices via Sage system.</p> <p>Receive and process invoices.</p> <p>Check coding of invoices to the accounts, record nominal coding on face of the invoice.</p> <p>Arrange payment. Mark invoice as paid.</p> <p>Reconcile supplier statements.</p>

Continued.....

Internal Financial Controls

Credit Cards

The use of personal credit cards to make purchases should not be necessary. The Foundation holds 5 organisational credit cards, with a total limit of £15,000, in the names of -

- Nick Barnett, Chief Executive (limit £2000)
- Damion Napier, Commissioning Manager (limit £1000)
- Kevin Gore, Responsible Individual Care (limit £1000)
- Helen Lee, Quality Improvement Manager (limit £1000)
- Steve Anderson, Head of Finance (limit £6000, used for online and phone purchases)

The credit cards are only taken off the premises by the named cardholder. The authorisation limits on page 7 apply to all credit card purchases (see below). All credit card expenditure is backed up with receipts, which must be provided to Finance monthly. Any credit card order by a person other than the cardholder is raised and authorised in line with the purchase order procedure, with the additional requirement that the cardholder also authorises the order. The entries are made onto the accounts via the purchase ledger in the same way as other purchases. Processing of credit card transactions is not done by the cardholder, but by a separate member of the Finance Dept. Any credit card purchase where the cardholder is benefiting from the purchase and the purchase is not for subsistence whilst away from home, must be approved by the cardholder's line manager. The credit cards should not be used to pay for food and drink for internal meetings such as supervisions.

Debit Cards

The organisation holds a debit card for each of the Registered Managers and the Head of Education, linked to a separate bank account for each cost centre. The account accessed by this card is topped up by monthly transfer from the main bank account. The amount transferred is directly linked to occupancy.

The authorisation limits on page 7 apply to all debit card purchases (see below). All expenditure from this account is backed up with receipts or petty cash withdrawal advices. This will apply to both purchases paid for directly with the debit card, and items paid from petty cash obtained with the debit card. Therefore, the controls relating to petty cash on page 28 also apply. The receipts and petty cash withdrawal advices are attached to a debit card expenditure form and sent to Finance monthly. Receipts paid for from petty cash are attached to a petty cash expenditure form and sent to Finance monthly. All expenditure is signed as authorised by the Registered Manager, and counter-signed by a Senior Manager. The debit cards should not be used to pay for food and drink for internal meetings such as supervisions.

For all credit card and debit card expenditure, the following authorisation limits apply.

Administrators (MH & School)	£150
Registered Manager	£500
Senior Manager	£2000
HR & Business Manager	£5000
Chief Executive Officer	£50,000

Continued.....

Internal Financial Controls**PAYROLL****Wages and Salaries**

This is the major item of the Foundation's expenditure and therefore warrants particular care to avoid any misuse of funds. Trustees need to ensure that the charity is not exposed to additional liabilities by a breach of statutory regulations, for example through failing to deduct and account for PAYE. The Trustees delegate this function to officers of the Foundation.

- Personnel records are kept by Human Resources for each member of staff separately from the pay records. Checks of one against the other are made in order to prevent the payment of fictitious employees at each salary payment. Actual physical checks of an employee's existence are carried out on a random basis. Appointments and salary payments are properly authorised and paid in accordance with that authorisation. The Foundation has robust recruitment, induction and payment procedures.
- Employees are not incorrectly classified as self-employed. Human Resources ensure contracts of employment are in place for all employees. The Foundation uses some self-employed tradespersons, consultants, and agency staff who are authorised using the purchasing controls. All other members of staff have a contract of employment. The Foundation uses a Sage payroll system which is updated regularly to accommodate changes to PAYE and NI deductions as well as up-dating maternity, paternity & sickness payments, and student loan deductions.
- Proper procedures are in force for payment of expenses to Trustees, employees and volunteers. Systems are in force to ensure that costs have been necessarily incurred in the course of carrying out the charity's business. Reimbursement is payment of actual cost incurred. This evidence is produced for the actual costs incurred, e.g. bills or receipts. This can be waived for very small sums. Travel costs are paid at a mileage rate or refund of travel ticket.
- All expenses must be approved in line with authorisation levels. Employees receive reimbursement of their expenses via the salary processing system.
- There should be written authorisation to employ or dismiss any employee, in accordance with the organisation's procedures and legal requirements. Movements of staff are notified by Human Resources.
- Changes in rates of pay should be authorised in writing by a senior member of staff not involved with the payroll, and notified via Human Resources on a PAN form.
- Additional hours worked are authorised by line manager and the Head of Department must authorise prior to payment. Time off in lieu is promoted as the preferred course of action but additional hours are paid in some circumstances. A member of the Finance team checks the entry of additional payments and signs it.
- The payroll is checked and signed by the Head of Finance and the Chief Executive Officer. The Head of Finance releases the automatic payments via BACs.

Continued.....

Internal Financial Controls

- Where pay relates to hours of work, timesheets are authorised, and kept as records.
- When an employee has been absent, for whatever reason, their entitlement to salary is checked against company policy.
- Personnel records are kept for each employee in Human Resources. However, payroll personnel records are held securely in Finance within Data Protection guidelines.
- Payslips are emailed to most employees. Payslips are required by law to be given to the employee **on** or **before** the payment day. Printed payslips can only be collected by the employee or their line manager.
- Payment is made on the 30th of the month (28th February). If this falls on a weekend or bank holiday it will be paid on the last bank processing day previously (usually the Friday).
- All statutory payments are made by BACS by the statutory date.

Expenses

- Expense sheets are standard and should be used in all claims. Expenses are paid monthly via payroll. All expenses claims should be submitted within 2 months.
- All expenses claimed must be supported by receipts. If not available, i.e. parking meter, then only up to £10.00 can be paid without receipts, except for business mileage.
- Any expense purchase where the cardholder is benefiting from the purchase and the purchase is not for subsistence whilst away from home, must be approved by the cardholder's line manager. Payment for food and drink for internal meetings such as supervisions will not be reimbursed.
- Expenses are authorised by line managers and given to payroll. The Chief Executive Officer's expenses can be authorised by the Finance Director. Payroll will check that calculations and authorisations are correct. Requests that fall outside reasonable expenses for carrying out the job will not be authorised.

Pensions

The Caldecott Foundation administers 3 pension schemes: the Kent County Council Pension Scheme (closed to new entrants since 2005); the Teachers' Pension Scheme; and a Stakeholder Pension. The Stakeholder Pension is a personal pension plan which the Foundation will contribute up to 5% of earnings of any employee matching the percentage that the employee contributes. All of the pension schemes have their own paperwork to complete on starters, leavers and changes, monthly contribution analysis and year end returns.

All pension issues are between the scheme and the employee. The Foundation is a mere contributor and administrator.

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Internal Financial Controls**PETTY CASH**

Petty cash systems demand a level of care that is disproportionate to their actual financial importance. This is because of the element of moral hazard: amounts of hard cash kept on the organisation's premises represent a level of temptation to theft and fraud not shared by most other aspects of the operating systems.

Commercial business can take a hard headed cost benefit approach. If it costs them more to stop theft than to contain it at an "acceptable" level then that is what they will do. Charities, however, have to have a more stringent approach. This arises from our stewardship position, other people or organisations have entrusted us with money to use for specific purposes directed at public good. Therefore, a profit maximisation approach is not the only or even the most important of the charity's objectives.

The Foundation will:-

- Reduce the need for cash payments to an absolute minimum.
- All cash payments are made from a cash float of a fixed amount which is regularly replenished from the bank account and not by the retention of incoming money.
- All claims for replenishment of the cash float are backed up by supporting documentation and authorised.

In all circumstances, if possible, an order should be raised and the purchase invoicing process should be used. Cash should be seen as a last resort.

Every application for an allocation of petty cash will be backed up by an invoice, receipt or written account signed by an appropriate member of a house/department manager. Every justification for a petty cash draw down may be subject to scrutiny by our auditors, Heads of Departments, or by random Finance Department checks.

The first signature on the top line signifies receipt of the cash detailed in the voucher, the second on the lower line signifies authorisation of the expenditure. Authorisation must be by a Registered Manager or a Caldecott authorised signatory. In most instances this will be the budget holder. Authorisation cannot be given for petty cash by a member of staff junior to the member of staff requesting the cash in the first instance.

The Foundation runs an imprest system which is where a fixed amount is drawn from the bank and paid into petty cash as the float. After that cash should only be issued against a Petty Cash Voucher. Once spent, a receipt should be attached to the voucher. This means that, at any point, there should either be cash or cash plus vouchers to the total of the petty cash float. At the end of each month the vouchers are removed and the cash made up to the agreed amount.

Continued.....

Internal Financial Controls

Wages and employee expenses are never paid through the petty cash system both for security and HMRC compliance. However, volunteer expenses may be refunded from petty cash if authorised by a Head of Department.

Staff should know who may countersign vouchers and up to what amount. Houses, central services and schools all require petty cash, and each area holds petty cash securely.

There are no circumstances under which it is acceptable for a child to enter into a cash transaction with an adult or for an adult to enter into a cash transaction with a child. The only acceptable transaction is payment of pocket money by the Foundation.

Receipts are attached to the vouchers wherever possible. However, it is recognised that in certain cases (parking meters are an example) this is not possible. An explanation should be provided instead. This must be kept to a minimum and items without receipts for over £10.00 are not paid.

Currently the locations and average levels of petty cash are:-

	<i>Total</i>
	£
Hornbeam House	400
Pine Lodge	400
Summer House	400
Willow Trees	400
The Old Vicarage	400
School	200
Normanton Larches	400
Woodclose Farm	400
Garden House	400
Head Office	200
Maintenance	200
Totals	£3,800

These balances are reviewed regularly and reflect an acceptable level of petty cash for the current systems. The balance is directly linked to occupancy, and therefore the levels above are indicative. However the Foundation is committed to continuing to find ways of reducing the cash balances held.

Any attempt to abuse this system through submission of false claims of whatever nature or for any reason will be treated as a serious breach of trust and will leave any member of staff involved in such a breach subject to our internal disciplinary procedures which at the extreme could amount to Gross Misconduct for which the penalty would be summary dismissal. In any instance of proven fraud the matter will be referred to the police for further action and civil action would also be pursued to reclaim any amount fraudulently claimed from Caldecott. Whilst, thankfully, such breaches are rare, and we rely upon the good character and good sense of Caldecott staff, staff should be aware that action will be taken to uphold the integrity of the charity, everyone who works for it, and that of the children for whom we bear the responsibility.

Continued.....

Internal Financial Controls

CONTROLS ON FIXED ASSETS

Trustees have the duty of ensuring the safe keeping of the charity's assets so that they can be effectively used to promote the charity's objects. Additions and disposals over £30,000, and revaluations are notified to the Trustees at Board meetings. Fixed assets represent a large amount of capital so it is important to have controls in place to ensure they are used properly and for the purposes of the organisation. In addition, all assets should be adequately insured.

Acquisitions and disposals of fixed assets should be properly authorised. Acquisitions occur through the purchase order system. Disposal of fixed assets is authorised by a responsible official such as the Head of Finance. Acquisition or disposal of freehold property needs to be approved by the Trustees. Acquisitions and disposals of any fixed assets should take place at the best price possible.

A physical inspection of fixed assets is carried out annually and checked against the fixed asset register. Any discrepancies are noted, investigated and passed to the Head of Finance to record any action taken.

Register of Fixed Assets

Fixed assets should be properly recorded, appropriately depreciated and written down where necessary. This is done via a fixed asset register. A separate register is maintained for each group of assets under the following headings:-

- Land and buildings.
- Equipment.
- Motor vehicles.
- Fixtures and fittings.
- IT equipment.

The register identifies each item within that group and contains details of date of purchase, cost and depreciation to date, as well as the location if relevant. Depreciation is calculated and applied to the accounts monthly.

Depreciation Rates

- | | |
|--------------------------------------|---------------------------|
| ➤ Improvements to freehold buildings | - 10% straight line basis |
| ➤ Freehold buildings | - 2% straight line basis |
| ➤ Short life freehold buildings | - 5% straight line basis |
| ➤ Leisure equipment | - 10% straight line basis |
| ➤ Fixtures, fittings and equipment | - 20% straight line basis |
| ➤ Motor vehicles | - 20% straight line basis |
| ➤ Computers | - 33% straight line basis |
| ➤ Solar panels | - 5% straight line basis |

Rates are reviewed annually in January to assess the need for changes in the light of profits or losses on disposal, new technology and so on. To ensure consistency, any changes would be agreed with the auditors and recommendations made to the Board.

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*Internal Financial Controls***INVESTMENTS**

The Foundation Investment Policy is that reserves are placed in high interest deposit accounts within UK banks, or other appropriate investment vehicles, to protect its capital. It is, therefore, vital to make sure that they are safeguarded. New powers and duties relating to investments have been introduced by the Trustee Act 2000, and in order that Trustees comply with these it is important that:-

- The Trustees ensure that full records are kept of all investments held (including details of all those sold or purchased) by the charity and that these are kept in a secure place.
- The formulation of an investment policy is the responsibility of Trustees. The detailed implementation of that policy is often delegated to investment professionals, but the Trustees, by insisting on the supply of suitable reports or otherwise, must ensure that their policy is being implemented. This will also allow them to review properly the performance of their investments.
- Trustees need normally to take professional advice before selecting or disposing of investments.
- Statements of investment performance are sent to a nominated senior manager who would regularly report these to the Trustees.
- Controls are put in place to ensure that all dividends or interest payments due are promptly received and all purchases and sales of investments are properly authorised and accounted for.
- Wherever possible investments need to be diversified so as to ensure that the failure of one investment does not have a major impact on the charity. Trustees have a general legal duty to have regard to the need for diversification of investments of the trust in so far as is appropriate to the circumstances of the trust.

Further information may be obtained from The Charity Commissioners website and guidance documents.

Continued.....

*Internal Financial Controls***BRIBERY**

The Bribery Act 2010 introduces new requirements which are relevant to the Caldecott Foundation. The Act creates a new offence which can be committed by commercial organisations that fail to prevent persons associated with them from committing bribery on their behalf. A person associated with a commercial organisation is defined as a person who ‘performs services’ for or on behalf of the organisation. This person can be an individual or a company. The Caldecott Foundation is committed to preventing bribery by persons associated with it, and assesses the risk of potential bribery as part of its overall risk register, and with regard to its policies and procedures.

The most likely area for potential bribery within the Caldecott Foundation is procurement, either for single high-cost items or on-going contracts. The controls in place regarding these areas restrict authorisation to senior management, who are trained in what constitutes bribery. A register of any gifts, either tangible or in-kind, for the benefit of Caldecott Foundation staff, exceeding an estimated value of £100, is kept by the Finance Director. Any entries on the list are approved by the Chief Executive Officer who ensures that the individual is not influenced in a commercial decision as a result of the gift.

The Caldecott Foundation provides a confidential means for staff to air any suspicions of the use of bribery on the company’s behalf via its Whistle-blowing policy.