**Standard Operating Procedure (SOP)**

**Financial Controls**

**FIC-003-01**

**Purpose**

The purpose of this Standing Operating Procedure (SOP) is to establish a robust framework for Out There Exeter (the "charity") to manage its finances effectively and ensure compliance with relevant laws and regulations. This SOP aims to safeguard the charity's assets, promote financial transparency, and minimise the risk of fraud and financial mismanagement.

**Scope**

These SOPs apply to all financial activities undertaken by Out There Exeter, including but not limited to:

* Income generation and management
* Expenditure authorisation and processing
* Banking and cash handling procedures
* Asset management and record-keeping
* Financial reporting and compliance

**Responsibilities**

The following are the key responsibilities for financial management at Out There Exeter:

* **Trustees:** Ultimately responsible for the charity's financial wellbeing and management and ensuring compliance with this SOP.
* **Treasurer and Finance Officer:** Oversees the implementation and enforcement of this SOP and ensures sound financial management practices. Manages the charity's finances, including accounting records, budgeting, and financial reporting.

**Procedures**

1. **Income Generation and Management**
   1. Establish clear procedures for receiving and recording income from various sources, including donations, grants, and fundraising events.
   2. Implement a system for verifying the authenticity and legitimacy of incoming donations and funds.
   3. Maintain accurate and up-to-date records of all income transactions, including donor information, receipt dates, and amounts.
   4. Bank all income promptly and securely, following established cash handling procedures.
2. **Expenditure Authorisation and Payment**
   1. Develop a clear approval process for all expenditures, ensuring that all payments are authorised by designated personnel.
   2. Establish a tiered approval system based on the value of the expenditure, with higher-value transactions requiring multiple approvals.
   3. Maintain proper documentation for all expenditures, including invoices, receipts, and supporting documents.
   4. Make all payments in a timely manner through approved methods, such as checks, bank transfers, or petty cash.
   5. Prohibit personal use of charity funds.
3. **Financial Reporting and Record-keeping**
   1. Prepare regular financial reports, including income statements, balance sheets, and cash flow statements, for review by the Trustees and other stakeholders.
   2. Maintain accurate and up-to-date accounting records using appropriate accounting software or methods.
   3. Archive all financial records securely and in accordance with legal and regulatory requirements.
   4. Conduct regular reviews and reconciliations of bank statements and other financial accounts.
4. **Asset Management and Record-Keeping**
   1. Develop and maintain an inventory of all non-cash assets, including fixed assets and investments.
   2. Regularly review and update the asset inventory.
   3. Implement adequate insurance coverage for the charity's assets.
   4. Maintain accurate and organized records of all assets.
5. **Financial Reporting and Compliance**
   1. Prepare accurate and timely financial reports for the Board of Trustees and relevant stakeholders.
   2. Comply with all applicable accounting standards and reporting requirements.
   3. Conduct regular financial audits to ensure the accuracy and integrity of the charity's financial records.
   4. Obtain necessary approvals and licenses for fundraising activities and expenditure of designated funds.
6. **Risk Assessment and Mitigation**
   1. Conduct regular risk assessments to identify and evaluate potential financial risks facing the charity.
   2. Implement appropriate risk mitigation strategies to minimize the impact of potential financial risks.
   3. Monitor and review risk mitigation strategies on an ongoing basis and adapt them as needed.
   4. Seek professional advice from financial experts or auditors when necessary to address complex financial risks.
7. **Internal Controls**
   1. Implement a system of internal controls to minimize the risk of fraud and financial irregularities.
   2. Segregate duties to prevent conflicts of interest and ensure proper oversight.
   3. Conduct regular reviews of financial transactions and reports.
   4. Provide ongoing training for staff and volunteers on financial controls and procedures.

**Review and Revision**

This SOP will be reviewed and revised annually to ensure that it remains relevant and effective, or as needed to reflect changes in the charity's strategies or the regulatory environment.

**Compliance**

Failure to comply with this SOP may result in investigation and disciplinary action, up to and including dismissal for employees and termination of volunteer appointments and membership of the charity, and a vote on removal of trustee.

**Version Control**

| **Version:** | V1.1 FINAL |
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