HORNCASTLE THEATRE Company

Registered Charity No. 701555

Financial Controls Policy

Preamble

The Charity Commission provides guidance to trustees on internal financial controls. For further guidance, Trustees are directed towards CC8: Internal Financial Controls for Charities Checklist , available as a pdf, or in printed format on request. This policy should be read alongside the HTC Financial Reserves Policy and HTC Expenses Policy, and the Constitution.

1. Introduction

1.1 Horncastle Theatre Company ("the Charity") will maintain financial systems and controls to ensure that it:

a) Complies with all relevant legal and regulatory obligations, including charity law and HMRC requirements where applicable
b) Maintains proper financial control over its funds and assets
c) Ensures transparency, accountability, and proper use of charitable funds
d) Can meet reporting requirements of funders and stakeholders

1.2 The Charity will maintain proper financial records including:

a) All transactions in the Charity's bank accounts and online payment platforms
b) Records of income received (including cash, online payments, and ticketing income)
c) Digital copies of invoices, receipts, and supporting documentation for all expenditure
d) Accounting records maintained using accounting software and/or structured spreadsheets
e) Records of any restricted funds, financial reserves, and designated project funds

1.3 The Charity is not VAT registered and therefore does not maintain VAT accounting records.

1.4 The Charity does not operate payroll, employ staff, or pay wages, pensions or salaries.

1.5 The financial year ends on 28 February each year.

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2. Banking and Payment Platforms

2.1 The Charity shall maintain the following bank accounts:

- Horncastle Theatre Company (Main Account)
- Horncastle Young Stagers Account (Ring-fenced account)

2.2 The Charity may also use approved digital payment platforms including Stripe and PayPal (or equivalent), where necessary for operational purposes.

2.3 Changes to the bank mandate and access permissions (including online banking and payment platforms) will be approved and minuted by the Management Committee.

2.4 Authorised online banking users are:

- Treasurer
- Secretary
- Chairman

2.5 The Horncastle Young Stagers Account is administered by:

- Stagers Chairman
- Stagers Treasurer

2.6 No additional accounts, financial platforms, or credit facilities may be opened without prior approval of the Management Committee.

2.7 Bank statements and digital transaction records will be reviewed regularly and reconciled with accounting records at least quarterly by the Treasurer (or delegated officer).

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3. Income (Receipts)

3.1 All income shall be recorded promptly and accurately in the Charity's accounting system.

3.2 Income may include (but is not limited to): ticket sales, donations, grants, sponsorship, fundraising events, and miscellaneous receipts.

3.3 Wherever possible, income should be received electronically or paid directly into the Charity's bank accounts.

3.4 Cash income (where unavoidable) must be counted by at least two individuals and promptly banked or securely transferred.

3.5 Supporting records (e.g. ticket reports, donation logs, grant award letters) must be retained electronically.

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4. Expenditure and Authorisation of Payments

4.1 All expenditure must be:

- Properly incurred for the benefit of the Charity
- Within approved budgets where applicable
- Supported by appropriate documentation
- Properly authorised before payment or within scope of delegated authority

4.2 Online banking payments and any payments to individuals, including reimbursement of personal expenses, must be subject to dual authorisation (Treasurer, Secretary, Chairman).

4.3 Debit card facilities, and PayPal, Stripe or equivalent digital payment services, may be used by single authorised users only for routine or pre-approved Charity expenditure, provided that:

- the expenditure has been agreed in advance or falls clearly within delegated operational authority;
- the payment is made for the benefit of the Charity;
- a full audit trail (receipt or invoice and explanation of purpose) is retained on record;

4.4 No payments may be made to any individual without supporting documentation and appropriate approval.

4.5 All supporting documents must be stored electronically and linked to the accounting records.

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5. Payment Controls and Documentation

5.1 Every payment must be traceable through the accounting system and supported by appropriate documentation.

5.2 Records must clearly show:

- Date of payment
- Amount
- Payee
- Purpose of payment
- Authorisation details
- Reference to supporting invoice/receipt

5.3 Payments in advance (e.g. venue deposits, booking fees) are permitted where necessary, provided they are properly authorised and documented.

5.4 The Charity does not operate petty cash as a routine system. Any small cash expenditure must be exceptional, fully documented, and approved in advance where possible.

5.5 Expense reimbursement will only be made via bank transfer or, in exceptional circumstances, by cheque; and only on submission of:

- Receipts or equivalent proof of purchase
- Clear description of expense purpose

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6. Segregation of Duties and Oversight

6.1 Financial responsibilities will be separated where practicable, including:

- Income recording
- Payment authorisation
- Bank reconciliation
- Budget monitoring

6.2 No single individual should control an entire financial transaction process from initiation to reconciliation.

6.3 The Treasurer is responsible for overall financial oversight, including maintaining accounting records and preparing financial reports.

6.4 The Treasurer will regularly report financial performance to the Committee, including comparison against expected income, committed expenditure, and target level of financial reserves where applicable.

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7. Online Banking and Digital Security

7.1 Online banking access will be restricted to authorised signatories only.

7.2 Strong passwords and two-factor authentication must be used wherever available.

7.3 Login credentials must not be shared between individuals.

7.4 Any suspected financial irregularity or security breach must be reported immediately to the Chairman and Treasurer.

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8. Commitments and Contractual Obligations

8.1 The Charity shall not enter into financial commitments exceeding budgeted authority or agreed limits without prior approval of the Management Committee.

8.2 Significant commitments (e.g. long-term contracts, major purchases, venue agreements) must be minuted.

8.3 In urgent cases, the Chairman or Secretary, acting jointly with the Treasurer, may approve exceptional commitments, provided they are reported to the next Committee meeting and minuted.

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9. Financial Reporting and Budgets

9.1 A statement of accounts prepared by an independent accountant or suitably qualified individual shall be presented for approval by the Charity's members at an AGM or business meeting within ten months of each financial year, accompanied by a Treasurer's Report.

9.2 The Charity will comply with its obligations under the Charities Act 2011 with regard to the preparation and transmission of statements of account to the Charity Commission, including any requirement for Independent Examination or Audit.

9.3 The Charity will maintain forward-looking financial oversight through review of expected income streams, planned expenditure commitments, and known fixed costs.

9.4 Where appropriate, event budgets or project-specific costings may be produced for significant activities, but a formal annual budget is not required as standard practice.

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10. Asset Control

10.1 The Charity will maintain a register of significant fixed assets including:

- Description
- Purchase date
- Cost
- Location
- Ownership status

10.2 Assets remain the property of the Charity unless formally disposed of in accordance with Committee approval.

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11. General Principles

11.1 The Charity will maintain proper financial governance at all times in accordance with Charity Commission guidance (including CC8 Internal Financial Controls).

11.2 All charity trustees share ultimate collective responsibility for financial oversight.

11.3 This policy will be reviewed regularly and updated to reflect changes in financial systems or practice.

Date adopted: _26/06/2026_

Date of next review: ______________________