

Internal Control Policy and Procedures

Date Adopted: 20/May 2026 - **Review Date:** May 2029

1. Introduction

This Internal Control Policy and Procedures document outlines the framework for managing financial and operational activities of Milborne Port Village Hall Trust, ensuring effective and efficient use of resources, compliance with legal & regulatory requirements, and safeguarding of assets. It is designed to provide reasonable assurance that the Trust's objectives are being achieved while minimising risk.

2. Objectives of Internal Controls

The primary objectives of internal controls for the Milborne Port Village Hall Trust are to:

- **Safeguard Assets:** Protect the Trust's assets (cash, property, equipment) from loss, fraud, and misuse.
- **Ensure Accuracy and Reliability of Financial Information:** Maintain accurate and complete financial records to support sound decision-making and meet reporting obligations.
- **Promote Operational Efficiency and Effectiveness:** Ensure that activities are carried out in an orderly and efficient manner, achieving the Trust's mission and objectives.
- **Ensure Compliance:** Adhere to all applicable laws, regulations, and internal policies, including charity law and financial regulations.
- **Prevent and Detect Error and Fraud:** Implement measures to minimise the risk of errors and fraudulent activities and to detect them promptly if they occur.

3. Scope of Internal Controls

This policy applies to all financial and operational activities undertaken by the Milborne Port Village Hall Trust, including but not limited to:

- Income generation (e.g., hall hire fees, fundraising, grants)
- Expenditure (e.g., utilities, maintenance, supplies, staff costs)
- Asset management (e.g., property, equipment, investments)
- Record-keeping and reporting
- Data management and protection
- Risk management

4. Roles and Responsibilities

Effective internal control relies on clear segregation of duties and accountability.

- Trustees/Management Committee:
 - Overall responsibility for establishing, maintaining, and reviewing the internal control system.
 - Approving the annual budget and significant expenditures.
 - Monitoring financial performance and compliance.
 - Ensuring adequate financial reserves are maintained.
 - Reviewing and approving financial reports.
- Treasurer:
 - Responsible for the day-to-day financial management of the Trust.
 - Maintaining accurate financial records.
 - Preparing financial reports for the Trustees.
 - Ensuring bank accounts are reconciled regularly.
- Hall Manager/Bookings Officer (if applicable):
 - Responsible for managing bookings, issuing invoices, and collecting payments.
 - Reporting income to the Treasurer.
 - Managing day-to-day operational expenses within approved limits.
- All Volunteers/Staff:
 - Adhering to established policies and procedures.
 - Reporting any suspicious activities or concerns to the Trustees/Treasurer.

5. Specific Control Procedures

5.1. Income Controls

- Booking and Invoicing:
 - All bookings must be formally recorded (e.g., in a booking diary, online system).
 - Invoices/payment requests should be issued promptly for all hall hires and other services.
 - A clear pricing structure must be in place and adhered to.
- Receipt of Funds:
 - All cash and cheque receipts must be recorded immediately upon receipt using pre-numbered receipt books or a digital equivalent.
 - Payments received electronically (bank transfers) must be cross-referenced with booking records.
 - Where possible, two individuals should be present when significant amounts of cash are counted.
 - Funds should be banked promptly and intact (i.e., the full amount received should be deposited).
- Reconciliation:
 - Bank reconciliations should be performed at least monthly by the Treasurer, independently reviewed where possible, and signed off.
 - Income records (bookings, invoices) should be regularly reconciled with bank deposits and accounting records.

5.2. Expenditure Controls

- Authorisation:
 - All expenditures must be properly authorised by designated individuals (see Finance & Reserves Policy).
 - Expenditure limits should be clearly defined and adhered to (see Finance & Reserves Policy).
- Purchasing:
 - Wherever practical, competitive quotes should be obtained for significant purchases or services.
 - Orders should only be placed with approved suppliers.

- Payment Processing:
 - Payments should only be made against original invoices (not statements or copies).
 - Invoices must be checked for accuracy, approval, and verification of goods/services received before payment.
 - All invoices should be marked "Paid" with the date and payment method to prevent duplicate payments.
 - Payments should ideally be made by bank transfer. Cheques (if used) should require two authorised signatories for amounts above a defined threshold.
 - No blank cheques should be signed.
- Petty Cash (if applicable):
 - A designated petty cash custodian should be appointed.
 - A maximum float limit should be set.
 - All petty cash expenditures must be supported by receipts.
 - Petty cash should be reconciled regularly (e.g., weekly/monthly) and replenished only against valid receipts.

5.3. Asset Management

- Asset Register:
 - A register of significant assets (e.g., property, valuable equipment) should be maintained, including purchase date, cost, and location.
 - The register should be reviewed and updated annually.
- Physical Security:
 - Physical assets should be adequately secured to prevent theft or damage (e.g., secure premises, alarm systems).
 - Keys should be controlled and access restricted to authorised personnel.
- Maintenance:
 - Regular maintenance schedules should be in place for the building and equipment to preserve their value and ensure safety.
- Insurance:
 - Adequate insurance coverage (e.g., public liability, property, contents) must be maintained.

5.4. Financial Reporting and Oversight

- Accounting Records:
 - Accurate and up-to-date accounting records must be maintained, using appropriate software or manual ledgers.
 - Records should be kept in a clear and organised manner, allowing for easy retrieval and audit.
- Financial Reports:
 - The Treasurer will prepare regular financial reports (e.g., monthly/quarterly income and expenditure statements, balance sheets) for review by the Trustees.
 - Annual accounts must be prepared in accordance with Charity Commission requirements.
- Annual Independent Examination/Audit:
 - The Trust's annual accounts must be independently examined or audited as required by Charity Commission regulations based on income thresholds.
 - Trustees must respond promptly to any recommendations made by the independent examiner/auditor.

5.5. Risk Management

- Risk Identification:
 - The Trustees should periodically identify and assess potential risks to the Trust's objectives (e.g., financial, operational, reputational, compliance risks).
- Risk Mitigation:
 - Develop and implement strategies to mitigate identified risks. This policy itself is a key risk mitigation tool.
- Monitoring and Review:
 - Risks and the effectiveness of controls should be regularly reviewed by the Trustees.

5.6. Segregation of Duties

- Wherever possible, duties should be segregated so that no single individual has complete control over a transaction from beginning to end. For example:
 - The person authorising an expenditure should not be the same person making the payment.
 - The person receiving cash should not be the sole person recording it in the accounts.
 - The person reconciling the bank account should ideally not be the person making payments or handling cash.
 - In small trusts where full segregation is difficult, independent review and oversight by another Trustee are crucial.

5.7. Documentation and Record Keeping

- All financial transactions, policies, and procedures must be adequately documented.
- Records must be retained for the period required by law (e.g., Charity Commission, HMRC).
- Important documents should be securely stored, both physically and digitally.

6. Review of the Policy

This policy will be reviewed at least every 3 years by the Trustees to ensure its continued relevance and effectiveness. Any amendments will be formally approved by the Trustees.