



Herts Disability Sports Foundation

Charity Number 1156034

Financial Controls Policy

Version 3.1

Date of Policy – April 2026

Next Review – April 2027

Approved

A handwritten signature in black ink, appearing to be 'SNB' followed by a flourish.

(signature of Chair)

Date 15 April 2026

HDSF Financial Controls Policy

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Policy statement

1. This policy has been adopted to help safeguard the assets of Herts Disability Sports Foundation (HDSF) so far as possible and to provide clear procedures for controlling the finances of the organisation. They may not be exhaustive. Vigilance is always needed from all concerned with finance, both paid staff and Trustees, and any matters of concern should be discussed with the Treasurer or Chair, as appropriate.
2. HDSF Trustees recognise that effective financial controls will enable them to;
 - a. Make informed decisions about HDSF's financial position,
 - b. Meet their legal responsibilities, such as managing HDSF's resources responsibly and financial reporting,
 - c. Identify and manage risks with our finances and assets,
 - d. Assess HDSF's financial viability, and
 - e. Protect HDSF's assets, including both its money and reputation.

Responsibility

3. All trustees remain responsible for HDSF's financial management and for implementing and monitoring HDSF internal financial controls. Day to day financial management for HDSF has been delegated to the Chief Operating Officer (COO) with approvals at different levels delegated to the Charity Director (CD), COO, Treasurer and the Board of Trustees. Details of delegation are provided in **Annex A**. All Trustees and paid staff are required to abide by these policies and procedures.
4. These financial controls will be reviewed annually.

Key Principles

5. This policy seeks to ensure that;
 - a. Financial duties are split between at least 2 people to provide a 'double check' on all transactions (including dual authorisation),
 - b. All transactions can be verified through receipts, invoices, etc. and that these documents are held securely on Sage as attachments to the transaction,
 - c. Potential risks of financial fraud have been identified in the Risk Register and mitigating measures have been put in place to minimise this risk and are reviewed every 6 months,
 - d. Trustees and staff understand their roles, responsibilities and levels of delegated authority,
 - e. Conflicts of interest are addressed at each Board meeting (quarterly meeting agenda standing item) and Trustees and Senior Management are required to complete Declarations of Interest annually,

- f. Processes are in place to ensure the Board receives regular updates on the finances of HDSF to support monitoring, decision making and planning (quarterly meeting standing agenda item),
- g. The processes in place ensure that HDSF meets the financial requirements of the Charity Commission and all legal requirements,

Role of the Treasurer

- 6. Trustees have independent control over, and legal responsibility for, a charity's management and administration - including financial management. The Treasurer will use their knowledge and expertise to:
 - 1. Assure the Board that the Charity's financial affairs are legal, constitutional and within accepted accounting practices, or not.
 - 2. Oversee all financial aspects of the charity on behalf of the Board to ensure the Charity's short and long-term viability.
 - 3. Ensure the Charity's strategic and operational plans are underpinned by robust and fit for purpose financial management.
 - 4. Assist the Chair, other honorary officers, the Charity Director (CD) and Chief Operating Officer (COO) in ensuring that the Board fulfils its duties and responsibilities for the proper financial governance of the charity. This includes the provision of advice, guidance, challenge and reassurance on all aspects of the Charity's financial activities.
 - 5. Oversee the continuous improvement of the HDSF's financial procedures and protocols.

Key Financial Controls

- 7. The following paragraphs outline the key controls in place for each aspect of financial management. Detailed information on controls is at Annex B – the HDSF Finance Manual.

Financial Planning

- 8. In consultation with the Treasurer and the CD, the COO will prepare Annual budgets of income, expenditure and cashflow – aligned with the objectives and measures outlined in the Annual Business Plan. The budgets will be approved by the Trustees and monitored throughout the year (at least quarterly) as a forecast against budget, to review financial performance and take corrective action as necessary.
- 9. The COO will review the financial accounts and forecasts monthly and provide reports to the CD and Treasurer; recommending action needed and highlighting key variances from the budget.

10. All management decisions taken by the CD and those proposed to the Board for approval, will be taken with regard to the forecast income and expenditure for the year designed to deliver the Annual Business Plan, and will be fully costed.

Financial Records

11. The COO will ensure that accurate and complete financial records are maintained for HDSF including; income, expenditure (including restricted fund income and expenditure) and payroll calculations. These will be reconciled with Bank account statements at least monthly by the Finance Officer, checked by the COO.
12. The accounting records will be reviewed on a quarterly basis by either the Treasurer, or a person nominated by the Trustees, who has sufficient financial knowledge and experience to carry out a review and raise questions as appropriate. The Chair will have direct contact with the Treasurer or the nominated person. Any concerns or outstanding queries will be raised directly with the Chair.
13. The COO is responsible for drafting the Annual Accounts and notes to the accounts, which will be reviewed by the Treasurer before submission to the Independent Examiner.

Bank accounts

14. The Board of Trustees is responsible for authorising the opening or closing of any HDSF bank accounts and their decisions will be recorded. Signatories to the accounts will be the Chair, Treasurer, CD, COO and Finance Officer. Funds held in the accounts will not exceed the Financial Services Compensation Scheme limits for compensation. Banking arrangements will be reviewed at least every 5 years to ensure best value for HDSF funds. The COO is responsible for administrative tasks relating to the bank accounts.
15. All bank accounts will require dual authorisation for any transactions, both online and by cheque. All signatories are required to maintain a reasonable level of security for all devices with access to online banking facilities and the HDSF cheque book is retained in the HDSF safe. HDSF does not operate a system of petty cash. Any cash received is recorded electronically and retained in the HDSF safe until banked.

Risk

16. The Board of Trustees has a responsibility to identify and manage risks with its finances and assets – this policy and the Finance Manual form a part of managing these risks. The Board have also identified a number of potential Fraud risks which are detailed in the risk register with action taken to manage/minimise the risk of Fraud – see Annex C.

Payments to related parties

17. Payments for expenses incurred by Trustees are managed withing the guidelines of the HDSF Trustee Expenses policy. Any claims out with the approved arrangements are referred to the full Board for their decision.

18. The Trustees and SMT complete a Declaration of Interests form every year which is reviewed by the Chair of Trustees and the COO. Any proposal for third party transactions will be referred to the full Board to consider whether this type of payment would be in HDSF's best interests and if approved, their decision and the reasons for that decision will be recorded. Any approved third party transactions will be declared in the Annual Report and Accounts.

Assets, Investments and Loans

19. HDSF does not own or rent land or buildings. The HDSF registered office is hosted by Knights Templar School and no payments or contractual relationship exist for this arrangement.

20. HDSF recognises fixed assets (above a level of £1,000) which are written off over their useful lives on a straight line basis. The value of these fixed assets is recorded as part of the Designated Fixed Assets Fund and reported each year in the Annual Accounts.

21. HDSF currently operates two bank accounts; Cooperative Bank and Charity Bank. The Charity Bank account is interest earning. HDSF does not hold any other investments.

22. HDSF does not, and does not intend to, make or take out a loan

Reporting Incidents

23. The HDSF policy for Reporting Serious Incidents specifically provides guidance, which HDSF will follow, on reporting incidents relating to;

1. Financial crimes – fraud, theft, cyber-crime and money laundering.
2. Large donations from an unknown or unverifiable source, or suspicious financial activity using the charity's funds.
3. Other significant financial loss.

Scheme of Financial Delegation

Budget /Spend Authorities <i>(HDSF Finance policy and Procedure will be followed and agreed upon by Board)</i>	
Board of Trustees	<p>Accountable for:</p> <ol style="list-style-type: none"> 1. Ensuring the charity remains solvent. 2. Ensuring sound financial controls (banking, payment, assets) are in place and detailed in Financial Policies. 3. Approve property leases. 4. Authorise specific financial instructions (such as the appointment of an external examiner or new bank account). 5. Approve management accounts detailing financial performance and resulting decisions at each quarterly meeting. 6. Approve the Annual Accounts for submission to Charity Commission. 7. Approve capital spend over £1,000 out with the approved budget. 8. Expenditure over £10,000 for a single item, out with the approved budget- 9. Approve all contract awards/tenders over £20,000 or that have an impact on the HDSF brand.
Chair of the Board of Trustees	<ol style="list-style-type: none"> 1. Provide support, as required, to the Treasurer to ensure the timely submission of HDSF Annual Accounts. 2. Be a bank signatory on behalf of HDSF. 3. Expenditure over £5,000 but less than £10,000, for a single item out with the approved budget, is to be agreed by the Chair and Treasurer in writing and reported to the Board at their next meeting.
Treasurer	<ol style="list-style-type: none"> 1. Approve accounting policies before submission to the Board. 2. Approve bank signatories (unless the signatory is the Treasurer). 3. Report to Board and recommend financial controls annually, or as required. 4. Expenditure over £5,000 but less than £10,000, for a single item out with the approved budget, is to be agreed by the Chair and Treasurer in writing and reported to Board at their next meeting. 5. Approve pension authority in conjunction with Finance & Governance Working group.

Charity Director	<ol style="list-style-type: none"> 1. Overall management of the charity's finances, ensuring that resources are utilised efficiently and effectively to deliver the agreed Business Plan. 2. Prepare Trustees' Annual Report, to be issued with the Annual Accounts (with Chair, COO and Treasurer). 3. Receive & monitor monthly financial performance updates & take appropriate action in response. 4. Authorisation of expenditure within the approved budget, with no financial limit. 5. Limit of £5,000 for any single item of expenditure outside of the authorised Budget. 6. Expenditure up to £100 by HDSF debit card, within the approved Budget. 7. Cash withdrawal using the HDSF debit card will be exceptional and requires the authorisation of the Treasurer or Chair.
Chief Operating Officer and Senior Instructor	<ol style="list-style-type: none"> 1. Authorisation of expenditure up to £4,000 on any single item within the approved budget. 2. Expenditure up to £100 by HDSF debit card, within the approved Budget. 3. Cash withdrawal using the HDSF debit card will be exceptional and requires the authorisation of the Treasurer or Chair.
Senior Instructor	<ol style="list-style-type: none"> 1. Expenditure up to £100 on any single item by HDSF debit card, within the approved Budget. 2. Cash withdrawal using the HDSF debit card will be exceptional and requires the authorisation of the Treasurer or Chair.



Herts Disability Sports Foundation

Charity Number 1156034

Finance Manual

Date of Review: April 2026

Date of next Review: April 2027

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Introduction

Purpose of this manual

1. Herts Disability Sports Foundation (HDSF) exists to provide opportunities for physical activities for all. The procedures in this manual aim to help safeguard the assets of Herts Disability Sports Foundation (HDSF) as far as possible and to provide clear procedures for controlling the finances of the organisation. They may not be exhaustive. Vigilance is always needed from all concerned with finance, both paid staff and Trustees, and any matters of concern should be discussed with the Treasurer or Chair, as appropriate.
2. All staff are expected to familiarise themselves with the sections of the manual that are relevant to their work, and to comply with the procedures. If for any reason procedures are not followed, the circumstances surrounding this must be reported to the Treasurer as soon as possible.

Financial Objectives

3. HDSF aims to achieve a surplus each year in order to be able to continue to provide a service to our beneficiaries.
4. HDSF has identified providing opportunities for physical activity in an individual or group setting as core activities and will seek to finance these through income streams that are as secure and long term as possible.

Financial Administration

- HDSF Financial Year runs from 1st September to 31st August.
- HDSF has used the accruals method of accounting since 1 March 2021.
- HDSF uses Sage Accounts software.
- HDSF is required to have an independent examination of Annual Accounts each year.
- HDSF does not run any system of petty cash.
- HDSF operates 2 bank accounts and has 3 debit cards linked to the Co-operative Bank account.

Financial responsibilities

Delegation of authority

5. The Board of Trustees recognises that the Charity Director (CD) has day-to-day responsibility for management of the organisation and implementation of organisational policies, but that accountability remains with the Trustees.

6. The Board of Trustees are responsible for;
 - a. approving the finance strategy, risk management policy and reserves policy,
 - b. approving HDSF's financial policies and key financial procedures
 - c. establishing financial management priorities, responsibilities and levels of delegated authority,
 - d. approving properly budgeted annual plans,
 - e. monitoring performance against these plans and budgets, and approving budget variations that might result in a deficit in any financial year,
 - f. approving the trustees annual report and accounts,
 - g. appointing the independent examiner/auditor.

7. The Charity Director (CD) is responsible for;
 - a. preparing, and presenting for approval, properly budgeted annual plans, in collaboration with the Chief Operating Officer (COO),
 - b. reviewing HDSF's activities regularly, monitoring compliance with organisational policies and reporting to the board of trustees against agreed performance standards,
 - c. ensuring that all staff and volunteers understand their responsibilities under these procedures,
 - d. managing and mitigating risk as per the approved risk appetite.

8. The Chief Operating Officer (COO) is responsible for;
 - a. preparing, and presenting for approval, properly budgeted annual plans, in collaboration with the CD and Treasurer,
 - b. ensuring that finance systems and processes which support these policies are set up, documented and implemented,
 - c. ensuring that sufficient records are maintained to show and explain HDSF's transactions, in order to disclose accurately, the financial position of HDSF at any time,
 - d. managing the budgeting process for the annual plan,
 - e. presenting financial reports at each Trustee's meeting which give the Board of Trustees an understanding of HDSF's overall finances, and giving advice and information to support decision making,
 - f. liaising with the independent examiner/auditor to produce the statutory accounts.

9. The Finance Officer (FO) is responsible for;
- a. setting up payments with online banking for approval,
 - b. matching all transactions on the bank records, ensuring receipts are present and creating a Sage record for each transaction, with evidence attached to the record,
 - c. creating invoices on Sage software according to instructions and appropriately coded,
 - d. completing the bank reconciliation on Sage,
 - e. calculating monthly prepayments and depreciation on fixed assets and entering the data accurately on Sage,
 - f. administering payroll on a monthly basis; submission to Numerus, checking of data from Numerus, creating bank payments for authorisation and creating relevant Sage journals,
 - g. processing claims for volunteer travel,
 - h. ensuring that restricted and unrestricted funding is clearly annotated on Sage records,
 - i. matching data from automatic feed on Sage from Square, and data on Stripe and Paypal online, with transactions,
 - j. additional financial analysis under the direction of the COO.

Reserves

10. The HDSF Reserves Policy will be reviewed annually. The Finance & Governance working group will review the organisation's reserves policy and make recommendations to the board of trustees each March, regarding an appropriate level to ensure that the cost of staff employment and/or redundancy and other contractual liabilities such as property leases and equipment lease/purchase agreements that would be incurred if the organisation were to close are taken into account.

11. The COO has responsibility to advise the CD and Board of Trustees if the bank balance is likely to fall below a level that could fund the agreed Reserves Level. This will be reviewed at each quarterly Trustee meeting, or more often if required.

Segregation of Duties

12. In order to reduce the risk of errors and fraud, the financial processes will be designed such that no individual is in a position to oversee a transaction through all its stages from start to finish. The stages are as follows;

- Initiating/authorising transaction,
- Custody of assets relating to transaction,
- Recording transaction in accounting records,
- Reconciling accounting records.

For example, a person who requests a purchase cannot authorise it, pay for it and record it on Sage, without another person being involved as a check and balance.

Conflict of interest

13. Trustees have a legal duty to act in HDSF's best interests when making decisions, and to declare a conflict of interest immediately they are aware that there is a possibility that their personal or other business interests could influence their decision making. HDSF expects a similar obligation from staff and volunteers. These responsibilities are specified in the HDSF Conflicts of Interest Policy.

Financial Planning, Monitoring and Review

The Annual Plan and Budget

14. The Board of Trustees meet in May of each year to review all aspects of organisational performance and set the Strategic Plan for the next financial year, taking account of opportunities and risks. Based on the Strategic Plan, the CD and COO will create a draft Business Plan with a budget profile and cash flow forecast, with all assumptions and risks included in the reports.
15. The COO will produce monthly reports which provide clear financial information to underpin decision making and support the Trustees to discharge their responsibilities and the CD to manage their projects and staff. Monthly reports will be discussed with the CD and Treasurer. Reports will be provided to Trustees at their quarterly meetings (standing agenda item) and will be prepared in consultation with the CD and Treasurer, prior to submission for Trustee comment and approval.
16. Reports to each Trustee meeting will include;
 - a. comparison of income and expenditure to date against budget, and forecast income and expenditure to year-end against budget,
 - b. explanations of any material variances from plan, and suggestions for corrective action where necessary,
 - c. cashflow forecast for the following 12 months.
17. Monthly reports will include;
 - a. comparison of income and expenditure to date against budget, and forecast income and expenditure to year-end against budget,
 - b. explanations of any material variances from plan,
 - c. confirmation of the bank reconciliation,
 - d. income and expenditure to date for projects, specifically those funded by restricted income.
18. If a forecast shows an unplanned deficit overall for HDSF the CD or COO will inform the Treasurer and Board of Trustees immediately and seek their approval prior to making any commitments that would increase that deficit.
19. As part of the monthly review, the COO will complete checks on the following items;
 - a. Correct allocation of income and expenditure to projects – restricted funding – comparing planned with actual,
 - b. Payroll allocations to Sage codes and related journals,
 - c. Review of income and expenditure for all Sage codes,
 - d. Allocations to prepayments,
 - e. Deferred income,
 - f. Bank reconciliation completed by the FO compared to the bank account,
 - g. Action for any outstanding invoices,
 - h. Action for any income or expenditure forecasted but not realised.

Annual Reporting of Accounts

20. The COO is responsible for ensuring that all transactions in the financial year have been accurately recorded on Sage, and for preparing the financial statements for the Trustees' Annual Report in the accordance with the Statement of Recommended Practice (SORP). The financial statements will be approved by the CD and the Treasurer before submission to the Board of Trustees for approval.

21. The Annual Report and Annual Return will be submitted to the Charity Commission as soon as possible after the end of the financial year and before the deadline for submission (currently 10 months after the end of the financial year).

Controls on Income

Pricing

22. HDSF has developed a product matrix (managed by the COO) which identifies direct delivery costs for each activity HDSF offers to individuals, other charities or not for profit organisations, schools and 'for profit' organisations. The matrix also includes options charge rates which identify direct delivery costs plus an element for overheads; 25% or 50%. The data is updated whenever direct costs, such as venue hire or salary rates, are increased. Where costs are anticipated to increase, the COO will provide a forecasted cost (approved by the CD) for charging purposes.

23. Charitable activities provided directly to individual beneficiaries.

The maximum charge will be direct costs only and where possible, charge rates will be subsidised by other activities which provide income above the level of direct delivery costs.

24. Charitable activities provided to individuals or organisations which are part of a grant funded project.

Charges will be raised in accordance with the grant agreement which may be; free at point of delivery, subsidised, full delivery costs or full delivery costs with an element of overhead costs.

25. Activities provided to 'for profit' organisations.

These will be charged at a rate approved by the CD; either direct costs plus 25%, direct costs plus 50% or a higher rate which reflects current market rates.

26. Fundraising activities.

These will be charged at a rate approved by the CD and may involve different rates for different participants and events, following the guidelines in the rates outlined above. Overall, the charging rate for fundraising activities must cover all direct costs of the activity plus a target of 'additional' funds raised.

27. The product matrix will be used to provide consistency, fairness and equity across charging rates and ensure that HDSF raises sufficient funds to ensure financial viability.

Invoicing and debt control

28. The COO has responsibility for ensuring that all invoices are issued promptly, in advance of service delivery, and settled promptly. The COO will coordinate data from contracts, grant applications and the HDSF online calendar to ensure all chargeable activities are invoiced. The FO will issue the invoices (using Sage software) in accordance with customer requirements – procuring a Purchase Order number when required to ensure prompt payment of the invoice.

29. If payers are late settling invoices, the FO will contact them after the due date to request payment. For payments due in advance of delivery the COO will check that payment has been received prior to the date of the event.

30. If no payment is received after 60 days, and no reasonable explanation has been given, with the approval of the CD, services will be withdrawn until the debt has been cleared.

Grants

31. HDSF makes grant applications and typically have external support from Sue Johnson (volunteer) to complete the process. New opportunities for grant funding may be identified by any member of staff or volunteer and forwarded to the CD. The CD will determine whether an application is to be made, with reference to the Business Plan, and with reference to the Board of Trustees if appropriate.

32. All applications must be approved by the CD and the COO will assist with any financial elements required for the application, ensuring costings for delivery are accurate and reasonable, and assessing the impact on any other planned or confirmed grant funded activities.

33. The CD is responsible for ensuring that reports are submitted to grant funders in accordance with grant conditions. If responsibility for a project lies with another member of staff the CD may delegate that responsibility but should be provided with a copy of the report prior to its submission. The CD will receive monthly reports from the COO on grant funded projects; actual income and expenditure against forecast.

34. Where grant funding is received in advance of the start of the related project the COO will determine when the funding should be recognised. Grants received in the year before any project related expenditure will occur, will be deferred in full to the next financial year. For grants over £10,000 which will be spent across a number of different financial years, income for subsequent years may be deferred, on the advice of the CD and Treasurer.

Legacies

35. The COO will keep records of any legacies notified to the charity and will follow up on a quarterly basis to review progress on collection of outstanding legacies.

Website and electronic payments

36. HDSF operates a PayPal account and a Stripe account to receive payments using the booking system on the website. If there are issues with the booking system, the CD will request the FO or COO to raise a PayPal invoice to allow the booking and payment to proceed.

37. Cash and card payments for activities paid for at point of sale are recorded on Square. Sage software has been set up with an automatic feed from Square which generates entries on Sage for all transactions, reducing the element of human error. The FO matches all entries on Sage and ensures that any cash banked matches the automatic feed. Cash payments taken using square are logged and stored in the HDSF safe along with the receipt for the day. The COO will match the cash to the receipt and send photos of the receipts to the FO.

Cash Receipts

38. Cash receipts will be banked intact, credited to the appropriate budget heading and not used for other purposes. Cash receipts will be stored in the HDSF safe along with either a square receipt or another form of evidence. Cash will be paid in to the Co operative bank monthly (or sooner if the total amount exceeds £200) by the COO who will ensure the cash matches the receipts. The FO will be sent photos of receipts and paying in slips, to be recorded on Sage accounting software and compared against Square feeds and subsequent bank statements.

39. Cheque receipts will be banked weekly (or sooner for large receipts, particularly for grant funding) by the COO who will send photos of the cheque(s) and paying in slips to the FO, who will enter the details on Sage and compare against subsequent bank statements.

Due diligence policy on accepting funds

40. HDSF must exercise due diligence prior to accepting significant donations (in excess of £250) and ensure that any funds accepted:

- fulfil our mission
- are not in conflict with our values
- do not present a risk to our reputation or independence.

41. To inform decisions, HDSF will evaluate the profile of the funder or donor, taking into consideration the original sources of their funding, the purpose of the funds and whether any conditions attached are reasonable, ethical, and achievable.

Controls on Expenditure

Authorisation of expenditure

42. The CD and COO each have delegated authority for expenditure within the budget profile which has been agreed by the Board of Trustees at the beginning of each financial year, and for expenditure in relation to subsequent grant monies awarded in the year and added to the budget profile. Any proposed payments over and above these should be referred to the Treasurer and Chair. In exceptional circumstances, where delay of a decision till the next Board meeting would disadvantage HDSF, authorisation may be given by the Chair and Treasurer and will be reported to the next Board meeting. Otherwise, Trustees will be asked to approve the expenditure with a revised budget profile at their next meeting.

43. The delegated authority given to the CD is unlimited for items included in the approved budget and a limit of £5,000 for any single item of expenditure outside of the authorised Budget. For purchases above £5,000 but less than £10,000 outside the approved budget, written approval by the Treasurer and Chair of Trustees is required (by email is sufficient) and must be reported to the Board at their next meeting. For a purchase that will exceed £10,000 overall and is outside of the budget (in one or more instalments), full Board approval is required.

44. The delegated authority given to the COO is a limit of £4,000 on any single item within the approved budget.

45. The preferred method of payment by HDSF is by bank transfer; this is a more secure method ensuring payments are made to bank accounts check via bank security, that a valid invoice has been issued, that some protection against fraud is offered by the bank and should fraud have taken place, there is some form of paper trail to be provided to the bank and police.

46. The CD, COO and Senior Instructor have each been issued with an HDSF debit card linked to the Co operative bank account. These 3 staff each have delegated authority to make debit card payments for up to £100 on any single item within the approved budget. All payments must be accompanied by a receipt and description of the item – provided to the FO. Cash withdrawal using a debit card will be exceptional and requires the authorisation of the Treasurer or Chair.

47. Blank cheques will never be signed. The relevant payee's name will always be written on the cheque before signature; the cheque stub will always be completed. Cheques must not be signed by the person to whom they are made payable. If the recipient is either the Chair or the Treasurer, the invoice or claim for expenses must be signed as approved by a 3rd Trustee. The recipient will not be either the cheque signatory or part of the online authorisation process.

No payment should be authorised until the signatory is satisfied, through sight of an order form, invoice, or similar written evidence, of the validity of the payment. The HDSF chequebook is held in the HDSF safe.

Procurement, estimates and tendering

48. In order to ensure value for money for significant purchases (over £500), research should be carried out on the goods or services in question and a relevant specification drawn up. Written quotes should then be obtained, or the contract put out for tender, dependent on value as follows:

Value of Purchase £	Action Required (minimum)
Over £1,000 (excl. VAT)	One written quote
Over £2,000 (excl. VAT)	Two written quotes
Over £5,000 (excl. VAT)	Three written quotes
Over £50,000 (excl. VAT)	Formal tender published online and circulated widely

Where two or three written quotes are specified, but a specialist item or service is required for which it is not possible to obtain more than one quote within a reasonable amount of time, a business case must be made and signed off by the Chair of Trustees or Treasurer. Where the supplier chosen is not the cheapest, the reasons for this choice must be documented.

49. Tender process;

- a. Agree specification for the service or product and the requirements of the supplier including quality issues,
- b. Advertise as widely as possible through local networks and contacts, place opportunity on HDSF web site, allowing a minimum of three weeks for responses,
- c. Ensure the advertisement gives clear information about how to apply,
4. Send out the specification to interested parties with full information of how to submit a tender,
5. Evaluate responses on the basis of the specification by a panel of at least two, preferably three people,
6. Shortlist if necessary,
7. Invite shortlisted suppliers for interview/presentation where required – for specific products and some services the purchase can be made on the basis of the quote, however for other services such as consultancy, it is desirable to interview potential suppliers. For some high value products or services, it may be worth considering inviting a shortlist of suppliers to make a presentation,
8. Take up references if appropriate,
9. Award to supplier issuing appropriate contract checked by legal advisor.

50. Purchase orders and invoices

- a. In order to optimise cash flow and ensure expenditure is recorded and evidenced, where possible HDSF will pay by invoice. HDSF do not at this time require the use of purchase orders, but expenditure is only permitted within the authorisation limits set out in HDSF's Financial Controls Policy. No one should authorise any transaction from which they, their partner or a relative will personally benefit, for example their expense

claims and staff must not authorise payments to (or that benefit) someone senior to them.

b. The person who requested the goods or services is responsible for checking the quality of what has been received and that it matches the order, and that the invoice agrees to this and is accurate.

c. When received, all invoices should be sent to the COO and FO for recording and processing. It should be made clear whether the invoice should be paid from restricted or unrestricted funds and if restricted, which project funds are to be used. If possible, the nominal code for any items on the invoice should also be provided.

d. Once an invoice has been authorised, suppliers will be paid where possible according to their payment terms, or if no terms stated within 30 days.

Investment

51. The COO will monitor any reserves as part of the cash flow forecast and make recommendations to the Trustees so that surplus funds are, where possible, invested in a risk-free account and receiving a good rate of interest, if such an account exists. If approval received from Board of Trustees the COO will arrange for the account to be opened. HDSF currently has an investment account with The Charity Bank.

Borrowing

52. Any borrowing must be approved by the Board of Trustees, and in accordance with HDSF's constitution, delegated authorities and rules on procurement. HDSF's ability to pay back both the loan and the interest must be determined before entering into any borrowing. If the Trustees approve borrowing then appropriate procedures must be created and implemented with their agreement to ensure appropriate controls & record keeping. The Trustees have agreed, that for the foreseeable future they do not wish to take out any loans.

Prepayments

53. Where expenditure occurs as a single payment for a benefit that will be received over an extended period of time (usually a year), this will be handled as a prepayment. Current examples include insurance, employee assistance programmes and vehicle licenses. The payment will be allocated to prepayments on Sage and will be drawn down on a monthly basis over the period of the contract/benefit.

Controls on the Financial Assets/Record keeping

Bank account policies

54. Bank accounts in HDSF's name must only be used for HDSF's business, they must not be used to receive or transfer money for the private benefit of individuals or third parties. The opening or closing of bank accounts, and the approval/removal of signatories on bank accounts is determined by the board of trustees and recorded in the minutes. The costs and benefits of HDSF's banking arrangements will be reviewed every five years to ensure that bank charges and rates of interest are competitive and that the bank's credit rating continues to be acceptable.

55. Cheques, online payments, standing orders, direct debits and other withdrawals from bank accounts are authorised by two signatories. The COO is responsible for keeping records of all bank accounts and ensuring that the bank mandate is kept up to date. Transaction on the Co-operative bank account are checked by the FO and/or COO each working day.

Bank account procedures

56. Making Payments: there are five signatories to the bank accounts who are able to sign cheques and authorise online payments, standing orders and direct debits, these are:

- Chair of Trustees
- Treasurer
- CD
- COO
- FO

a. No person can authorise any payment involving themselves or any related party.

b. Requests for payment must be authorised within the limits set out in the scheme of delegation and by the appropriately authorised officer. Payments that require authorisation by the Board, The Chair or the Treasurer require authorisation in writing; email, minutes of Board meetings or some other written form.

c. The use of multiple payments to circumvent the authorised signing limits is not allowed.

d. The FO is responsible for storing documents as attachments on Sage, setting up payments by direct debit or standing order, and for monitoring arrangements so that HDSF can ensure that they are cancelled when HDSF stops using the goods or services being supplied.

e. Both the FO and the person authorising the payment must check the invoice (or similar evidence) and the bank payment details before authorising.

Credit and debit card policy

57. HDSF has 3 debit cards linked to the Co-operative bank account which are in the possession of the CD, COO and Senior Instructor. The card is used for unexpected urgent expenditure (e.g. the purchase of small parts to repair equipment to allow an activity session to be delivered), or for purchases that cannot be paid by invoice (e.g. fuel purchase for the HDSF van). The cards cannot be used for purchases that can be anticipated – these purchases must be authorised as detailed above. The FO will be advised of any purchases using the debit card and supplied with receipts/written evidence to support the purchase. The receipts/written evidence will be posted on the HDSF Receipts whatsapp group which can be accessed by the FO, Senior Instructor, COO and CD – providing a visual check on appropriateness of purchases by all members of the group.

58. The debit card may be used for purchases of any single item up to £100 within the approved budget.

59. HDSF does not hold any credit cards.

Banking Cheques and Cash

60. When banking or collecting cash, the safety of staff is paramount. Staff and volunteers should on no account put themselves into situations of danger and should give up/not seek to recover cash or valuables if in physical danger.

61. HDSF does not operate a system of petty cash – all cash received is banked.

Accounting records policy

62. HDSF will keep accounting records which are sufficient to explain all transactions and show the charity's financial position at any time. The main accounting records are maintained on Sage and records of income or expenditure (receipts, invoices, etc.) are stored as attachments to the electronic records on Sage. The COO will retain copies of bank statements for both bank accounts.

63. All accounts files will be kept for the statutory period of six years from the end of the accounting period in which they were generated.

Bank reconciliations

64. The Sage software allows for direct feeds from 'banks' and HDSF has set up a direct feed from the Co-operative bank account. Bank reconciliations can be completed electronically on Sage – a duty of the FO to complete as soon as possible after the end of each month. The COO carries out a further reconciliation with the actual bank statements and Co operative online banking.

65. Income or expenditure transactions actioned online outside of normal banking hours may be recorded with a different date on Sage/online banking than on physical bank statements. Where the end of month balance on either Sage, online banking or physical banks statements does not match, the COO must establish why – identifying the transaction causing the mismatch and ensuring that the accounts are reviewed within one working week to ensure the balances reconcile.

Employment and pay

Staff recruitment

66. When a vacancy arises, all alternatives means for delivering the work of the role will be considered (recruitment, additional duties for existing staff, etc.). Authority to recruit members of staff below SMT level is delegated to the CD providing this is within the approved budget. Trustees will be advised of recruitment action for any new posts, providing they are within the approved budget – otherwise, Board approval is required.

67. All roles will require a job description and person specification (HDSF template) and be benchmarked against existing roles to establish the correct grade and corresponding salary.

Staff salaries

68. HDSF contracts with Numerus Payroll Services Ltd to provide our payroll calculations, act as our authorised Agent with HMRC and liaise directly with NEST (our pension provider) to authorise direct debits.

69. Staff will be paid on a monthly basis (1/12 of annual salary) on the last Thursday of each month; payments will be by bank transfer, and payslips are provided through an online portal by Numerus. Timesheets for staff on flexible contracts, and for permanent staff claiming travel expenses will be submitted to the FO by the Friday before payment, to allow time for processing. If Timesheets are not received on time, staff will not be paid until the following month, unless there are exceptional circumstances.

70. In the month of December, staff will be paid on the Thursday before the 25th of December.

71. Any payments to staff outside normal payroll or expenses cycle will be made only in exceptional circumstances and must be approved by the CD. Staff on permanent contracts will normally be given time off in lieu, rather than overtime payments, unless overtime payments are exceptionally approved by the CD.

72. The FO is responsible for correctly assembling the payroll data (hours, salary payment, hourly rate, expenses) for submission to our payroll provider – Numerus. The figures will be checked by the COO. Reports and calculations provided by Numerus for salary payments will be checked to ensure correct data entry.

73. Salary payments will be made through online banking, input and authorised by 2 of the following staff; FO, COO or CD, depending on availability. The FO is responsible for ensuring that all payroll deductions are paid to HMRC each month, just before the due date. Pension payments are collected by NEST by direct debit, amounts advised directly by Numerus.

74. Rates of pay for staff on 0 hours contracts includes an element for holiday pay. HDSF leave allowance is 25 days paid leave plus Bank Holidays (paid) which is a total of 33 days paid leave. In accordance with HMRC guidelines, 0 hours rates of pay include a holiday pay element of 14.5% of base rate.

Salary reviews

75. Pay scales will be reviewed annually in December (to take effect from 1 August) and approved by the board of Trustees. The COO will ensure that the budget and cashflow forecasts are prepared for the December meeting to forecast the financial impact of the options to be considered. Increases will be paid from the December payroll (including any backpay due), or any other time as directed by the Trustees.

Starters and leavers

Starters

76. New staff are required to provide their P45 (if appropriate) and complete the HDSF new starter form and a consent form giving permission for Numerus to handle their personal data for payroll purposes. The COO is responsible for ensuring the employee provides the required data and forwards data relevant to payroll to Numerus. The FO will add the employees bank details to the Co-operative bank, which will be checked by the COO on the first payroll payment.

Leavers

77. Staff leaving HDSF should comply with notice requirements in their contract and any expense claims should be submitted prior to leaving the organisation. Staff should ensure that any accrued annual leave is taken prior to leaving HDSF. However, under exceptional circumstances approved by the CD they are entitled to payment in lieu of outstanding annual leave entitlement.

78. Staff will normally be removed from payroll in the month after their departure. However, if a salary increase is anticipated which will result in back pay for the individual, they will remain on payroll until any back pay due is paid.

Reimbursement of expenses

79. HDSF aims to ensure that staff, trustees and volunteers are not out-of-pocket for the work they do for us, while also looking to get the best use of limited funds. HM Revenue & Customs expenses and benefits rules recognise that reimbursement of

standard business expenses (such as travel) is not taxable. HDSF's expense policy for employees is guided by these rules and we do not pay expenses that will give rise to tax or National Insurance. The current rate of motor mileage payable is £0.45 per mile.

80. HDSF has approved policies in place for employee expenses and also volunteer expenses (including Trustees) and all calculations and payments are processed in accordance with these policies. All claims for travel and subsistence expenses, from trustees, staff and volunteers, must be completed on the appropriate form.

81. Claims by staff and volunteers should be authorised by the COO and any queries will be raised with the CD. Claims by trustees should be authorised by the Treasurer or Chair of Trustees. Claims should be submitted monthly.

Confidentiality

82. All data held by HDSF which relates to salaries and contains personal details is password protected. Similarly, data from Numerus is password protected. The password is known to the CD, COO and FO. Where information is shared with others for critical purposes, such as the annual review of salaries, the information is marked as staff in confidence and those with access to the data are reminded of the need to handle and store the information in a confidential manner.

83. Full details on data held, purposes it is used for and how it is protected are contained in the HDSF Data Management Policy.

Controls on physical assets

84. HDSF's physical assets represent a significant cost and all staff are expected to behave responsibly in using them in order to protect our resources. Our policies are designed to support that behaviour.

Fixed assets

85. Fixed assets are items, for example office equipment, computers or vehicles, owned by HDSF for use in our work (not as an investment), which have a life of more than 12 months, and a value on acquisition of over £1,000. HDSF does not own any land or buildings. The CD is responsible for maintaining a fixed asset register detailing:

- a description of the asset (including identifier as appropriate)
- date of acquisition (purchase or donation to HDSF)
- value at acquisition
- location or staff member holding asset (if appropriate).

The register will be updated immediately when new purchases or disposals are made. The CD is responsible for ensuring that fixed asset inspections are carried out every 12 months to check that the assets exist, are in good condition and are being used effectively. This can be more frequent if deemed necessary.

86. For the purposes of depreciation, the anticipated useful life of HDSF's assets are as follows:

Type of fixed asset	Anticipated useful life
Computer equipment	3 years
Sports equipment	3 years
Leasehold Improvements	5 years

Fixed Assets will be written off over their useful lives on a straight line basis. Depreciation of assets begins at the end of the month after the asset was acquired and is calculated monthly. Depreciation is calculated at the beginning of each financial year and entered on Sage for the 12 month period.

87. The disposal or scrapping of a fixed asset must be authorised by the CD and carried out by 2 members of staff. If computer equipment is disposed of, this must be returned to factory settings. Where projects close, assets will be redeployed and where there are specific funder rules regarding treatment of project assets, these will be complied with (e.g., handing the assets back to the funder).

Equipment

87. Stock (equipment) is a valuable asset for HDSF and it is the responsibility of the CD to ensure that stock is kept securely. The CD is responsible for a stock count every 12 months, in the month before the HDSF Business Insurance is renewed. The types of stock that will be counted and valued will be:

- Bicycles and adapted bicycles
- Sports wheelchairs
- iPads, laptops and other electrical devices of value such as payment terminals
- archery nets and bows.

Insurance

89. HDSF maintains appropriate insurance cover at all times, both to cover our legal obligation and to underpin our duty to protect our staff, assets and resources. This will include:

- employers' liability insurance to cover both staff and volunteers
- public liability insurance
- professional indemnity insurance
- buildings and contents insurance
- motor insurance
- marine insurance (for bell boats)

90. HDSF reviews its insurance policies annually and the COO is responsible for providing receiving renewal quotes (ideally a minimum of 3 quotes) and advising the insurer/brokers with a detailed and accurate schedule of activities and inclusions to be covered. The schedule will be based upon the stock count completed by the CD.

Financial Accounting Software

91. HDSF uses Sage Accounting software. Authorised user permissions for the software are;

COO – Administrator, User Administrator with Full Access to all elements

CD – Administrator

FO – Administrator

Treasurer – Administrator

If requested, the Independent Examiner will be provided with Read Only access to review accounting records.

92. The COO is responsible for the efficient and effective use of Sage software and will plan any changes to use with the Treasurer and FO. The FO is responsible for all data entry, reconciliations and generation of invoices. The COO is responsible for completing all financial Year End journals on Sage.

93. All financial transactions are recorded on Sage by nominal code, restricted or unrestricted and as appropriate, by project code. The FO is responsible for entering transactions on Sage and the entries are reviewed by the COO regularly in addition to a standing month end check.

94. Nominal codes will be as specific as possible to explain the purpose of the income/expenditure, balanced against the need to maintain an acceptable and manageable number of codes. New codes will be introduced when needed but will be kept to a minimum to ensure consistency across different financial years.

95. Wherever possible, income or expenditure will be recorded as a gross sum with any deductions or additions shown separately. For example, payments collected by Justgiving, Square and Stripe are subject to a charge; the income is shown as gross with the charge recorded as expenditure.

96. With effect from 1 April 24, all financial records relating to transactions (e.g. invoices and receipts) are stored as an electronic attachment to the transaction. Records prior to 1 April 24 are stored as filed paper copies.

Extract from HDSF Risk Register – Fraud

TYPE OF FRAUD	RELATES TO	ACTION
Theft	Cash or funds redirected	<ul style="list-style-type: none"> a. All cash collected is recorded on the square terminal at point of receipt to create an audit trail b. Cash collected and banked is matched against Square receipts by COO and FO (independently) c. Accounting on Software is accruals d. Grant funding must be to HDSF named bank account e. HDSF Financial procedures in place f. Appointment of FO has introduced a 3rd counter check g. HDSF does not operate a petty cash system - all cash received is banked by the COO h. Accounts reviewed by Independent Examiner annually i. Monthly reconciliation against bank account by FO
Overtime fraud	Timesheets	<ul style="list-style-type: none"> a. Timesheets matched against HDSF calendar, variations queried with CD
Cybercrime (including phishing and identity fraud)	Emails and Bank card fraud	<ul style="list-style-type: none"> a. Single Licence for McAfee ensures security updated annually - confirmed installed on all laptops. b. Bank account checked each working day and unusual activity queried. Co-op app ensures prompt reply. c. GDPR policy reviewed every 2 years - ensures full review of all security measures around personal data
Qualification fraud	Recruitment	<ul style="list-style-type: none"> a. Qualifications verified by CD
Legacy fraud	Misuse of funds or property donated via a will	<ul style="list-style-type: none"> a. Currently N/A
Money laundering	Income redirected	<ul style="list-style-type: none"> a. Accounting via software, oversight by Treasurer, all transactions have a paper trail
Volunteer fraud	Theft of funds (travel claims or grants), items (equipment) or personal information	<ul style="list-style-type: none"> a. Travel claims checked against HDSF calendar, variations queried with CD b. CD is the contact point for all grants and all funds must be paid into the HDSF bank account. COO is point of contact for all finance payments and queries. c. Volunteers always work with the team, minimises opportunities for theft of items d. Volunteers do not have access to any databases except those with anonymised data. e. Any claims for expenses checked with CD and require proof of payment.
Terrorist financing		<ul style="list-style-type: none"> a. See point 6 above
Grant fraud	Incorrect use of grants	<ul style="list-style-type: none"> a. Accounting software, restricted funding tracked by spreadsheet and Sage, reported in Annual report.
Fundraising fraud	Funds not banked	<ul style="list-style-type: none"> a. Fundraising through online platforms (set up to automatically pay into bank account) or through direct donations into bank account. b. Fundraising tins with labels, dates, etc. available but controlled by COO
Telecom fraud	Fundraising by phone or diverted use of phone lines	<ul style="list-style-type: none"> a. HDSF does not fundraise by phone or emails direct to the public – statement on home page of website. b. Landline paid for by Knights Templar School - calls diverted to work mobile (COO). c. Mobile phones on SIM cards (new provider) with monthly fees – costs monitored.
Internal fraud	Embezzlement, fraudulent payments or reputational damage	<ul style="list-style-type: none"> a. See above b. Access to social media is limited c. Staff/volunteer code of conduct in place
Economic downturn fraud	Increase in fraud due to economic downturn	
Push payment scams	Mainly fake invoices	<ul style="list-style-type: none"> a. Bank account requires 2 signatories, bank account details for payments checked by both COO and FO b. Payees with new bank details always queried c. Invoices checked with CD if not forwarded by her. Changes in rates queried with CD (comparison to previous invoices).
CD fraud	Fake request for funds by someone impersonating CD	<ul style="list-style-type: none"> a. Bank account requires 2 signatories, so fraudster would need login details for the bank, access to the CD email and a convincing invoice. Any doubts, COO will check with CD by alternative means of communication. b. CD is always contactable, any unusual requests would be queried
Procurement fraud	Purchases that provide a personal benefit to staff/volunteers/trustees	<ul style="list-style-type: none"> a. Trustees complete declarations of interest annually b. Delegated authority for contract placement – all contracts checked by Treasurer or referred to Board (min 3 people to arrange/approve) c. All payments receipted and checked
Expenses fraud	Claims by staff	<ul style="list-style-type: none"> a. All claims for expenses require 2 people to authorise and require receipts b. HDSF staff (3) have bankcards – spend is monitored (using Sage process) and queried c. Staff and volunteers know that purchases should be made via HDSF bank card - only pay from personal funds in exceptional circumstances which require CD approval
Financial statement fraud	Annual Report	<ul style="list-style-type: none"> a. Annual report reviewed by Treasurer and Independent Examiner against accounting software
Banking scams	Overpayments (cheque clearance), fake payments, card fraud, requests for personal or financial details particularly by phone	<ul style="list-style-type: none"> a. HDSF will only pay by cheque in exceptional circumstances b. Payments are automated wherever possible (stripe, paypal or square) and cash received is receipted on square – cash checked against receipts before being banked and receipts retained for examination. On occasion, square machine broken – unreceipted payments checked by CD for accuracy b. No financial or personal information provided by phone, email addresses and letterheads checked before any payments processed c. Personal information is password protected d. Banking activity password protected and requires 2 to authorise e. Bank account checked every working day by FO and/or COO. f. Queries raised by co-op app which allows a quick response. g. Co op banking enables confirmation cheques for all new payees. h. Change of bank payment details always queried with supplier.
Key impact on potential for fraud - appointment of Finance Officer on 26 Feb 24		
Further info on fraud in charities can be found here; Home Page - Prevent Charity Fraud		
Updated March 2026 and reviewed by HDSF Safeguarding & Risk working group		