Financial Controls Policy

This policy outlines the financial controls in place to ensure that the Women's Engineering Society manages its finances responsibly, protects its assets, and complies with legal and regulatory requirements. It aims to safeguard the charity from fraud, financial mismanagement, and loss while ensuring transparency and accountability.

Scope

This policy applies to all trustees, employees, and volunteers involved in the financial management of the Women's Engineering Society.

Key Principles

- ✓ All financial activities must align with the charity's charitable objects
- ✓ Financial decisions must be transparent, documented, and subject to appropriate oversight
- ✓ The charity will maintain accurate and up-to-date financial records
- ✓ Trustees remain ultimately accountable for the charity's financial management, even when delegating tasks

Financial Controls

Bank accounts

- WES must have at least one bank or building society account in the charity's name to safely manage funds and meet legal obligations. As a small charity WES is able to operate effectively with one current account for day-to-day transactions
- The number and type of accounts held by WES should be annually reviewed by the Finance & Audit DC. In addition to the current account for operational expenses, WES may also consider:
    - A deposit or savings account for reserves
    - A restricted funds account to manage grants or designated funds
    - An investment account, such as a Charities Official Investment Fund, for long-term growth

- All bank accounts must be in the name of the Women's Engineering Society and reviewed annually by the FA DC at the meeting following the AGM, after trustee appointment/retirement
- Bank statements from the current account must be reviewed monthly by the CEO and any risks or anomalies reported to the Chair of the Finance and Audit Directors' Committee immediately
- A list of bank accounts and mandated authorisers must be maintained by the Operations Manager and reviewed at each Finance & Audit Directors Committee meeting (or at least quarterly)

Passwords and Access to Bank Accounts

To ensure the security of the charity's financial assets, the following controls apply to all digital access points, including online banking platforms:

- **Unique credentials**: Each authorised user must have their own unique login credentials. Shared passwords are strictly prohibited
- **Strong passwords**: Passwords must be complex (minimum 12 characters, including upper- and lower-case letters, numbers, and symbols) and must not include easily guessable information
- **Multi-Factor Authentication (MFA)**: MFA must be enabled for all online banking and financial systems to provide an additional layer of security
- **Password Management**:
    - Passwords must be stored securely using a password manager approved by the charity
    - Passwords must be changed at least every 6 months, or immediately if a breach is suspected
    - Access must be revoked immediately when a staff member or trustee leaves the organisation or changes roles
- **Access Controls**:
    - Only individuals authorised by the Board of Trustees may access online banking systems
    - Access levels must be appropriate to the individual's role and responsibilities.
    - All access rights must be reviewed annually by the Finance and Audit Directors' Committee
    - Removal of authorised signatories should be completed to coincide with the end of tenure of the role

Charities Official Investment Fund (COIF)

- The WES COIF account must be held in the name of the Women's Engineering Society
- All withdrawals from the COIF account require authorisation by a minimum of two designated signatories
- The reason for the transaction must be clearly documented on the withdrawal form
- Acceptable use of the COIF includes:
  - **Operational needs**: To fund day-to-day activities or cover short-term cash flow requirements
  - **Project funding**: To support specific charitable initiatives, events, or campaigns aligned with WES's objectives
  - **Strategic investments**: To reallocate funds into other investment vehicles or initiatives that better serve the charity's long-term goals
  - **Emergency or contingency use**: In response to unforeseen financial pressures or urgent needs
  - **Transfer to another COIF account**: For internal fund restructuring or consolidation
- Funds can only be transferred to the charity's nominated bank account or another COIF account in the charity's name
- The CEO must review COIF account statements on a monthly basis and report any anomalies or risks reported to the Chair of the Finance and Audit Directors' Committee immediately to ensure transparency and oversight

Restricted Funds

Restricted funds are donations or grants received for a specific purpose, project, or activity. These funds:

- Must be used only for the purpose specified by the donor or funder
- Cannot be reallocated to general operations or other projects without express permission
- Are tracked separately in the charity's accounts and financial reports

WES currently has two restricted funds:

1. **Karen Burt Memorial Fund:** To be used for prize money of £1000 to be given to a newly chartered female engineer
2. **Diane Winfield Memorial Fund:** To be used as a bursary fund, although not yet defined or actively given

Endowment Funds

Endowment funds are donations where the capital must be preserved and only the income generated may be spent (in the case of permanent endowments), or where the trustees have discretion to spend the capital (in the case of expendable endowments). These funds:

- Are held in accordance with the donor's instructions or the charity's governing documents
- Are excluded from the calculation of free reserves
- Must be managed in line with applicable charity and investment law

WES currently has one endowment fund:

The NEC Lady Finniston Fund is an endowment established to provide hardship grants to electronic engineering students beginning their first degree or equivalent. Grants are awarded from the interest generated by the fund, but the fund currently is low itself and therefore no awards have been made in recent years. A resolution will be proposed by the Events & Comms Directors' Committee in 25-26 to allow the capital to be spent in line with the fund's original purpose.

Transparency and reporting

The charity will:

- Clearly distinguish between unrestricted, restricted, and endowment funds in its financial statements
- Provide explanations in the Trustees' Annual Report regarding the nature, purpose, and balances of restricted and endowment funds
- Ensure that all fund restrictions are respected and that appropriate controls are in place to prevent misuse. See **WES Financial Reserves Policy 25-26**

Income

To ensure transparency, traceability, and compliance with financial regulations, the charity only accepts income and makes payments through secure, auditable channels. The following controls apply:

- **The charity accepts** donations, grants, and other income exclusively via:
  - Bank transfers (including standing orders and direct credits)
  - Approved digital payment platforms (e.g. PayPal, Stripe, or other platforms authorised by the Finance and Audit Directors' Committee)
- **The charity does not accept**:
  - Cash payments (except in exceptional, pre-approved circumstances with appropriate documentation)
  - Cheques
  - Cryptocurrency or other non-regulated digital assets
- **This policy is written to ensure that the charity has**:
  - Full traceability of all transactions
  - Reduced risk of fraud or theft
  - Simplified reconciliation and audit processes
  - Compliance with anti-money laundering and financial reporting standards
- All income must be recorded promptly and accurately in the charity's financial records

Expenditure

- All expenditure must be pre-approved within the agreed budget or authorised by the Board of Trustees for unbudgeted items
- Payments must only be made with appropriate evidence of authorisation in line with charity's Scheme of Delegation Of Authority
- Invoices must be checked by the Operations Manager to ensure they are correct for the good and services received and in line with authorised spend in advance of payment

Payroll

- Salaries and wages must be paid in accordance with employment contracts and HMRC regulations
- Payroll records must be reviewed and approved by the CEO ahead of every monthly payment and payroll run by the Operations Manager

Reserves

- The charity will maintain reserves in line with the WES Financial Reserves Policy to ensure financial stability
- The level of reserves will be reviewed annually by the Finance and Audit Directors' Committee as part of the budget review process (see Financial Planning and Reporting section)

Tax Compliance

The charity is committed to full compliance with all applicable UK tax legislation. To ensure transparency, accountability, and the maximisation of available tax reliefs, the following controls apply:

- **VAT returns**:
  VAT returns will be prepared by the Operations Manager and approved by the CEO ahead of being submitted in accordance with HMRC deadlines. All VAT records will be maintained accurately by the Operations Manager and retained for the required statutory period. The charity will apply any relevant VAT reliefs available to charities, such as zero-rating on qualifying goods and services

- **Gift Aid claims**:
  The charity will claim Gift Aid on eligible donations where a valid Gift Aid declaration has been received from the donor. All claims will be prepared by the Operations Manager and approved by the CEO ahead of being submitted in line with HMRC guidance and supported by a clear audit trail linking donations to declarations

- **Business Rates Relief**:
  The charity does not occupy any non-domestic properties

- **Expert Advice**:
  Where tax matters are complex or uncertain, the CEO will seek advice from a qualified accountant or tax adviser to ensure compliance and to safeguard the charity's financial position
- **Oversight and review**:
  Responsibility for tax compliance rests with the CEO and accountability with the Board, advised by the Finance and Audit Directors' Committee and any external advisors as appropriate. Tax-related processes and claims will be reviewed annually as part of this policy (see Financial Planning and Reporting Section, and separate

Fraud Prevention

The charity is committed to protecting its assets, reputation, and beneficiaries by actively preventing, detecting, and responding to fraud. Fraud undermines public trust and diverts resources from charitable purposes. This policy outlines the charity's approach to fraud prevention in line with guidance from the Charity Commission and the Prevent Charity Fraud initiative.

Definition of Fraud

Fraud is defined as any intentional act of deception intended to result in financial or personal gain. This includes:

- False representation or misstatement
- Abuse of position or authority
- Theft or misappropriation of funds or assets
- Cyber fraud, phishing, or unauthorised access to systems

Fraud may be committed by internal actors (e.g. staff, volunteers, trustees) or external parties (e.g. suppliers, donors, impersonators).

Prevention measures

To reduce the risk of fraud, the charity will implement the following controls:

- **Segregation of duties**: No single individual should be responsible for authorising, processing, and reviewing financial transactions

- **Dual authorisation**: All payments must be approved in line with the WES Scheme of Delegation of Authority, which includes the need for authorisation by at least two authorised signatories for high value payments
- **Banking controls**: Online banking access is restricted to authorised personnel and protected by strong passwords and multi-factor authentication
- **Procurement oversight**: All contracts and purchases must follow transparent procurement procedures, with appropriate documentation and approval. All contracts must be stored and centrally and managed by the department lead responsible for the goods or services contracted for
- **Whistleblowing**: A confidential process is in place for reporting concerns about fraud or misconduct which can be found in the **WES Whistleblowing Policy**. Reports will be taken seriously and investigated promptly
- **Training and awareness**: Trustees, staff, and volunteers will be made aware of fraud risks and encouraged to remain vigilant

Detection and monitoring

- Bank accounts and financial records will be reconciled monthly by someone independent of the transaction process (for normal operations transaction process will be managed by the Operations Manager, and the reconciliation by the CEO)
- All financial transactions must be supported by clear documentation to enable clear audit trails
- The Finance and Audit Directors' Committee will review fraud risks and internal controls at least annually

Responding to suspected fraud

If fraud or attempted fraud is suspected:

- The Chair of Finance & Audit DC must be notified immediately
- All relevant documents, emails, and records must be secured
- The appropriate Authorities must be notified
    - **Action Fraud** (the UK's national fraud reporting centre)

- **The Charity Commission**, if the incident meets the threshold for a serious incident report

- An impartial investigation will be conducted, and findings reported to the Board of Trustees

Following any incident, the charity will review and strengthen its internal controls to prevent recurrence

Resources and Guidance

This policy is informed by:

- Charity Commission CC8: Internal Financial Controls for Charities
- Prevent Charity Fraud Toolkit
- The Charity Commission's Fraud Strategy

Financial Planning and Reporting

The charity is committed to maintaining robust financial management through transparent reporting, effective budgeting, and regular forecasting. These practices ensure accountability to stakeholders, support strategic decision-making, and safeguard the charity's financial sustainability.

1. Annual Budgeting

An annual budget will be prepared by the CEO in consultation with departmental leads and supported by the Operations Manager, which will be reviewed and recommended by the Finance and Audit Directors' Committee before the start of each financial year.

The budget will align with the charity's strategic objectives and include projected income, expenditure, and cash flow.

The final budget and the reviewed WES Financial Reserves Policy will be submitted to the Board of Trustees for formal approval and will serve as the financial framework for the year.

2. Management Reporting

The Operations Manager will support the preparation of, and the CEO will issue regular management reports to the Finance and Audit Directors' Committee and ultimately the Board of Trustees. These reports will include:

- Actual income and expenditure against budget
- Current and forecast cashflow position against reserves
- Variance analysis and commentary
- Key financial risks or emerging issues

Reports will be issued monthly (or at least quarterly), or more frequently if required by the Board.

3. Quarterly Forecasting

- A rolling forecast will be prepared as requested to assess financial performance against the approved budget
- Forecasts will be developed by the CEO in collaboration with the Operations Manager and departmental teams to ensure accuracy and ownership
- Significant variances from budget will be investigated and corrective actions proposed where necessary

4. Annual Accounts and Statutory Reporting

- Annual accounts will be prepared in accordance with the Charities Statement of Recommended Practice (SORP) and relevant UK accounting standards.
- The accounts will be independently examined or audited, as required by law, and submitted to the Charity Commission and Companies House within the statutory deadlines
- The annual report and accounts will be presented to the Board of Trustees for approval and made available to members and the public to promote transparency and impact

5. Oversight and Governance

The Trustees are responsible for governing the charity's financial planning, reporting, and risk management processes and will be advised by the Finance and Audit Directors' Committee.

The Finance and Audit Directors’ Committee will review financial reports, forecasts, and the annual budget, and make recommendations to the full Board.

The Board of Trustees is accountable for financial oversight.

Audit record

This policy will be reviewed annually to ensure it remains effective and relevant.

Role	Name	Date
Reviewer	Kate Willis, Chair of Finance & Audit DC	14/07/25
Agreed by	Finance & Audit DC	18/07/25
Approved by	Board of Trustees	02-09-2025
Next Review	Jan 26	