

**Internal Financial Controls and Reserves Policy for Falcon Boat Club**

**1. Purpose** This policy sets out the internal financial controls that Falcon Boat Club employs to manage its financial activity, safeguard assets, and protect the charity from fraud. These controls apply to all aspects of the charity's financial management and ensure compliance with legal and regulatory requirements.

**2. Financial Oversight**

* The trustees will receive regular updates on the financial performance of the charity, including income, expenditure, and reserves.
* The charity’s finances will be a standing agenda item at every trustee meeting.
* Appropriate accounting records will be maintained for all financial transactions to ensure transparency and traceability.
* The charity’s accounts will comply with all relevant legal and regulatory requirements.

**3. Reporting and Compliance**

* The charity will prepare an annual report and accounts, which will be formally approved by the trustees and independently examined.
* New trustees will receive a copy of the latest annual accounts to familiarise themselves with the charity’s financial position.
* An annual account will be filed with the Charity Commission in compliance with statutory requirements.

**4. Bank Accounts and Authorisation**

* The charity will maintain a bank account in its name.
* All financial transactions will require authorisation by at least two signatories who are approved by the trustees.
* Trustees will ensure that signatories are updated promptly in cases of trustee turnover or changes in personnel.

**5. Asset Management**

* The charity will maintain an asset register, detailing all assets owned by the charity, including their cost, and location.
* Any loans, including those made to or by the charity, must be agreed upon at the trustee level and documented in meeting minutes.

**6. Reserves Policy**

**6.1 Purpose of Reserves** Reserves will be held only when deemed necessary in the best interests of the charity. Reasons for holding reserves may include:

* **Unforeseen emergencies**: To address unexpected needs, such as a large unforeseen expense or providing seed funding for an urgent project.
* **Operational continuity**: To cover unplanned day-to-day costs.
* **Income gaps**: To provide stability if a significant funding source, such as a grant, is not renewed.
* **Planned commitments**: To meet future commitments, such as major asset purchases.
* **Short-term cash deficits**: To address timing issues where expenditures precede grant or funding receipts.

**6.2 Determining Reserve Levels**

* The trustees will decide on the appropriate level of reserves to hold after considering the charity’s financial risks, obligations, and strategic plans.
* The reserves level and rationale will be documented and included in the annual report.
* The level of reserves will be reviewed annually to ensure it remains appropriate for the charity’s needs.

**6.3 Use of Reserves**

* Reserves will only be used for purposes consistent with the charity’s objectives and in circumstances approved by the trustees.

**7. Use of Income** General income will be used to:

* Fund charitable activities.
* Acquire assets to further the charity’s work.
* Meet the day-to-day operational costs of running the charity.

**8. Financial Planning and Controls**

* Annual budgets handled by the subcommittees will be monitored regularly to ensure spending aligns with available resources and strategic priorities.
* Variances between budgeted and actual financial performance will be identified, reviewed, and addressed.

**9. Fraud Prevention**

* All financial records and transactions will be subject to regular review and independent examination to minimise the risk of fraud.
* Any suspected instances of fraud will be reported immediately to the trustees and investigated thoroughly.

**10. Policy Review** This policy will be reviewed annually by the trustees to ensure its effectiveness and relevance to the charity’s operations and legal requirements.

**Approved by the Board of Trustees on [Date]**

**Signed:**
[Name, Position]