Financial Controls Policy

Croydon Youth Theatre Organisation · 3 November 2026

1. Purpose and scope

This policy sets out the financial controls that protect the money and assets of Croydon Youth Theatre Organisation ("the Charity"), so that every pound is properly authorised, recorded and spent on the Charity's purposes.

The Charity is a registered charity and a company limited by guarantee, with annual income of about £140,000. It is run day to day by the Artistic Director and a management committee, which report to the Board of Trustees. A Youth Board is consulted on all major decisions and sends delegates to Board and management committee meetings. The Trustees are ultimately responsible for the Charity's finances.

The policy applies to every Trustee, management committee member, employee, freelancer and volunteer who handles, approves or reports on the Charity's money. The controls are meant to be proportionate: strong enough to prevent and detect error and fraud, simple enough for a volunteer-supported organisation to follow. They support the Trustees' duties under charity and company law and follow the Charity Commission's guidance on internal financial controls for charities (CC8).

2. Governance and responsibilities

The Board of Trustees holds final responsibility for financial control and delegates day-to-day financial management to the management committee within the limits in this policy.

Role	Financial responsibilities
Board of Trustees	Approves this policy, the annual budget, the reserves policy and the annual accounts. Appoints the independent examiner. Reviews finances quarterly and approves spending above the limits delegated to the management committee.
Chair of the Board	Leads the Board's oversight of finances. Receives concerns about fraud or financial irregularity. Co-signs high-value contracts. CYTO currently splits the Chair position between two people, acting as co-Chairs. For simplicity, this policy refers to “Chair” throughout, but it means “Chair or one of the co-Chairs”.
Treasurer (a Trustee)	Owns this policy. Oversees bookkeeping, reconciliations, reporting and statutory filings. Reports to the Board each quarter.
Management committee	Runs the Charity's activities within the approved budget. Reviews management accounts monthly. Approves spending within its delegated limits.
Budget holders	Spend only within their budget lines, check that goods and services were received, and keep supporting documents.

Role	Financial responsibilities
Bookkeeper (volunteer member of the management committee)	Records every transaction in the cash book (an Excel spreadsheet), prepares payments for approval, and prepares reconciliations and management accounts. Is a bank signatory and prepares payments, but never authorises a payment they prepared.
All staff, freelancers and volunteers	Follow this policy, keep records of any money they handle, and report concerns promptly (section 15).

The Artistic Director is the budget holder for artistic and production budgets and works within the limits in section 3. The Youth Board is consulted on the annual budget and other major financial decisions. Youth delegates attend Board and management committee meetings but are not bank signatories or payment approvers.

The 2027–2032 Business Plan provides for a joint Executive Director and Artistic Director model. When an Executive Director is appointed, the Board will review sections 2 and 3 and set out each role's delegated authority.

No one person may control a transaction from start to finish. Where the Charity is too small to separate every task, the Treasurer reviews the work independently.

3. Delegated authority and approval limits

Spending is approved at the level set by its total value, and only if it is within the approved budget.

Total value (including linked purchases)	Who approves	Evidence needed
Up to £250	Budget holder	Receipt or invoice
£251 – £1,000	Treasurer, or the Chair of the management committee	Invoice and written order
£1,001 – £5,000	Two Trustees, one of them the Treasurer	Two written quotes
£5,001 – £10,000	Chair of the Board and the Treasurer, reported to the next Board meeting	Three written quotes
Over £10,000, or any contract longer than 12 months	Board of Trustees	Three written quotes or a documented tender, and a minuted decision

The following rules apply to every level:

- Purchases must not be split to stay under a limit.
- Spending outside the approved budget needs approval from the next level up.
- Approvals are recorded in meeting minutes or in an email kept with the invoice.
- No one may approve spending that benefits themselves, their family or a business they are connected with.

4. Banking

All of the Charity's money is held in accounts in the Charity's own name, and every payment out needs two people.

- **Accounts:** Bank accounts are opened or closed only by a minuted Board decision. No Charity money passes through personal accounts.
- **Signatories:** There are at least three signatories, including at least one Trustee and the Treasurer. No two signatories may be related or live at the same address. A signatory may never authorise a payment they prepared themselves.
- **Mandate changes:** The bank mandate is updated within five working days of a signatory leaving their role.
- **Online banking:** Each user has their own log-in and two-factor authentication. Log-ins, cards and tokens are never shared. One person sets up a payment and a different person approves it.
- **Cheques:** Cheques are avoided. If used, they need two signatures and are never signed blank.
- **Payment platforms:** Online ticketing, card-reader, PayPal and crowdfunding accounts are opened in the Charity's name with at least two administrators. Payouts go only to the Charity's bank account.
- **Direct debits and standing orders:** These need approval from the Treasurer and one other signatory. The Treasurer keeps a schedule of them and reviews it every year.
- **Surplus cash:** Funds beyond day-to-day needs are held in deposit accounts with providers covered by the Financial Services Compensation Scheme, spread across providers if balances exceed the protection limit.

5. Income

All income is recorded when it is received, banked intact and reconciled to the bank statement.

- **Fees and bursaries:** Session and membership fees are collected through a documented process. Bursary and concession decisions are made by the management committee, recorded confidentially, and never decided by the person collecting the fee. Arrears are chased after 14 days and reviewed monthly. The Treasurer may write off up to £100; larger write-offs need management committee approval and are reported to the Board.
- **Ticket sales:** Sales go through one online ticketing platform wherever possible. Platform sales reports are reconciled to bank payouts within one month. Refunds and complimentary tickets are approved by someone other than the person who processes them. Door sales are logged on a numbered tally sheet.
- **Cash and cheques:** Two unconnected people count cash immediately after each event, session or collection, and both sign the count sheet. Cash is held in a locked box or safe and banked intact within five working days, or within two days if over £500. Income is never used to pay expenses.
- **Collections:** Collection tins are opened and counted by two unconnected people.
- **Donations and Gift Aid:** Gift Aid declarations are kept for at least six years. Claims are prepared by one person, approved by the Treasurer and reconciled to the payment received

from HMRC. Every online donation option, including donations added at ticket checkout, offers a Gift Aid declaration. Donor data is handled in line with data protection law.

- **Venue hire:** Hires are booked under a written agreement that states the rate, any deposit and any cancellation terms. Bookings are recorded centrally and reconciled to income each month. Discounts and discretionary rates follow the agreed pricing structure which has been approved by the management committee. Deposits are returned only after the space has been checked.
- **Grants and sponsorship:** These follow section 10.
- **Receipts:** Receipts are issued on request and all income is entered in the cash book with its source and fund.

6. Purchasing and expenditure

The Charity spends money only within the approved budget, for its charitable purposes, and with attention to value for money.

- **Before buying:** Approval is obtained at the level in section 3. Orders above £250 are placed in writing, by email or purchase order, and never committed verbally.
- **Quotes:** Two written quotes are needed above £1,000 and three above £5,000. If fewer are obtained, the reason is recorded.
- **Contracts:** Only the Chair of the Board or another Trustee authorised by the Board may sign contracts. Venue hire, insurance and equipment contracts are reviewed by the Treasurer before signing.
- **Performance licences and royalties:** These are budgeted for and paid before the first performance.
- **Invoices:** The budget holder confirms the goods or services were received and the price matches the order. The invoice is coded to a budget line and fund, approved, then passed to the bookkeeper for payment.
- **Supplier bank details:** Any new supplier, or change to a supplier's bank details, is verified by phone using a number already held on file, not one given on the invoice or email.
- **Duplicates:** Payments are made only against original invoices, never statements, and each paid invoice is marked as paid.
- **VAT:** VAT is treated as the Charity's accountant advises.

7. Making payments

Every payment is prepared and recorded by the bookkeeper, authorised by a different signatory, and reviewed independently.

The four tasks below are done by different people:

1. Requesting or approving the spending.
2. Preparing the payment and recording it in the cash book (the bookkeeper).
3. Authorising the payment (a different signatory from the person who prepared it).

4. Reviewing the cash book against bank statements obtained directly from the bank (the Treasurer, or another Trustee who does not make payments).

Payments are made by bank transfer in scheduled runs, at least fortnightly. The second authoriser sees the supporting invoice and the approval before releasing a payment. Cash payments are avoided. Urgent payments outside a scheduled run need the Treasurer and one other signatory.

No one may authorise a payment to themselves or to a person or business connected with them. Payments to individuals are made only through payroll, an approved expense claim or a supplier invoice.

8. Expenses, petty cash and charity cards

People are reimbursed only for genuine out-of-pocket costs incurred for the Charity, backed by receipts.

- **Expense claims:** Claims go on the standard form with original or digital receipts, within 60 days of the cost. Someone other than the claimant approves each claim. The Treasurer's claims are approved by the Chair of the Board. Mileage is paid at HMRC's approved rate. Alcohol, fines and personal items are not reimbursed.
- **Trustee expenses:** Trustees may claim out-of-pocket expenses only, and the Treasurer reports the total claimed to the Board each year.
- **Petty cash:** The float is no more than £150, held in a locked box by a named custodian. Single payments are limited to £25 and need a receipt. The float is topped up against receipts and counted monthly by the custodian and a second person. IOUs are not allowed, and personal cheques are never cashed from it.
- **Charity card:** The Charity may hold one debit or prepaid card with a limit of £500. It has a named holder, no cash withdrawals and no personal use. The named holder may only be appointed or changed by Board resolution. Receipts are handed in within seven days, and someone other than the holder reviews each statement. The Charity does not use credit cards unless the Board decides otherwise.
- **Online purchases:** Great care needs to be taken when using the Charity debit card to make online purchases. The card details should never be saved on the account. Certain platforms, such as Amazon do this by default. In such cases you must manually delete the card from the platform. For example, you must delete the debit card from Your Payments in the Amazon account.
- **Google Pay and Apple Pay.** The Charity debit card should never be used for payment on a google pay or apple pay account.

9. Payroll, freelancers and volunteers

Everyone paid by the Charity is paid on agreed terms, through the correct route, and only after required checks are complete.

- **Employees:** Staff are paid through payroll software or an external payroll provider that handles PAYE, National Insurance and pension auto-enrolment. The Board approves new posts and salary changes. The bookkeeper prepares each payroll, another management committee member checks it against the approved staff list, and the Treasurer authorises it before payment. Starters and leavers are reported to the Treasurer before the next payroll.

- **Freelancers:** Tutors, directors, musicians, choreographers and technicians etc. have a written agreement setting out the fee and what is to be delivered. Their employment status is checked, for example with HMRC's employment status tool, before work starts. They are paid on invoice under sections 6 and 7.
- **Safeguarding checks:** Required safeguarding and DBS checks are completed before any paid or volunteer work with young people begins and before the first payment is released.
- **Volunteers and Trustees:** These people are not paid for their time volunteering or in relation to their Trustee duties. Honoraria and payments in kind need Board approval, and out-of-pocket costs follow section 8.

10. Restricted funds and grants

Money given for a specific purpose is spent only on that purpose and is tracked separately from general funds.

- **Before accepting:** The management committee reviews each grant's conditions, including eligible costs, reporting dates, match-funding and any return of unspent money. The Board approves grants over £25,000 or with unusual conditions.
- **Recording:** Each restricted grant has its own fund code and running balance in the cash book. Staff time and shared costs charged to a grant are allocated on a documented basis.
- **Spending:** Restricted funds are never used to cover shortfalls elsewhere, and spending is checked against the grant terms before it is approved.
- **Monitoring:** The Treasurer reports restricted fund balances at every management committee meeting. Claims and reports to funders are submitted on time and signed off by the Treasurer.
- **Breaches:** Anyone who thinks a grant condition may be breached tells the Treasurer immediately, and the Board decides how to inform the funder.
- **Capital projects:** Capital funds for the Shoestring Theatre are held as separate restricted funds. The Board approves the project budget, which includes a contingency of at least 10%, and any capital sub-committee reports to the Board. Cash flow is modelled against grant payment schedules before major spending is committed. Contractor payments are checked against the work done and approved under sections 3 and 7.
- **Designated funds:** Only the Board may set money aside for a particular purpose, by minuted resolution.

11. Budgeting, reporting and monitoring

The Board approves a budget before each financial year starts and sees how the Charity is performing against it every quarter.

Report	Prepared by	Reviewed or approved by	How often
Annual budget	Treasurer and management committee	Board approves before the year starts	Yearly

Report	Prepared by	Reviewed or approved by	How often
Management accounts (income and spending against budget, bank balances, restricted funds)	Bookkeeper	Management committee	Monthly
Bank reconciliation (cash book to bank statements)	Bookkeeper	Treasurer, or another Trustee who does not make payments, using statements obtained directly from the bank	Monthly
Cash flow forecast (rolling 12 months)	Treasurer	Board quarterly	Quarterly
Financial report (variances, reserves, restricted funds, risks)	Treasurer	Board	Quarterly
Annual accounts and Trustees' report	Treasurer and independent examiner	Board approves	Yearly

Variances of more than 10% or £2,000 against a budget line are explained in the management accounts. The Treasurer may move up to £1,000 between budget lines; larger changes need Board approval. A budget that plans a deficit needs a Board decision that records the reason and how it will be funded. The Board considers each year whether the Charity can continue as a going concern. Financial risks, including fraud and loss of funding, are recorded in the Board's risk register, which the Board reviews every quarter.

12. Reserves and investments

The Board aims to hold free reserves of six months' unrestricted expenditure. The 2025/26 unrestricted expenditure was £67,000, which equates to free reserves of £33,500.

- **Reserves policy:** The Board reviews the target each year and records the reasoning in its minutes. The Treasurer reports reserves against the target every quarter. If reserves fall below the minimum, the Board agrees a recovery plan.
- **Investments:** Surplus cash is held in insured deposit accounts. The Charity makes no other investments unless the Board has adopted an investment policy after taking proper advice.
- **Building repair reserve:** A designated reserve for unplanned repairs to the Shoestring Theatre is held separately from free reserves, and the Board reviews its level each year with the reserves policy.
- **Borrowing and guarantees:** Overdrafts, loans, leases and guarantees need Board approval. The Charity does not lend money, and does not borrow from Trustees or staff.

13. Records, year-end and independent scrutiny

The Charity keeps complete, accurate records and has its accounts independently checked every year.

- **Cash book:** The bookkeeper records every transaction in an Excel spreadsheet that acts as the Charity's cash book, following the controls below. Access is removed promptly when someone leaves a role.

- **Retention:** Invoices, receipts, bank statements, contracts, minutes and Gift Aid records are kept for at least six years after the end of the financial year to which they relate.
- **Asset register:** The Treasurer keeps a register of equipment, costumes, lighting, sound and set items worth more than £500. It is checked each year. Disposals are approved by the management committee and recorded.
- **Year-end:** All bank accounts are reconciled, income and spending are matched to the correct fund, and the Treasurer prepares accounts and the Trustees' report in line with the Charities SORP.
- **Independent examination or audit:** The Board appoints an independent examiner each year, who has no connection with the Trustees or staff. Each year the Board also confirms with the examiner whether an audit is required by law. The examiner's recommendations are reported to the Board, and actions are tracked until they are done.
- **Filing:** The Treasurer makes sure accounts are filed with Companies House within nine months of the year-end and the annual return is filed with the Charity Commission within ten months.

Cash book controls

Because the cash book is a spreadsheet, these rules protect it from error and tampering:

- **One master file:** The master copy is held in a Charity-controlled shared folder, not on a personal device. The bookkeeper edits it, and the Treasurer and Chair of the Board have view access.
- **Layout:** Each transaction has one row, with a unique reference number, date, payer or payee, description, amount in or out, bank account, budget line, fund (restricted or unrestricted), invoice or receipt number and approver. Running balances are shown for each bank account and each restricted fund.
- **Timing:** Entries are made within five working days of the transaction.
- **Corrections:** Rows are never deleted or overwritten. Mistakes are corrected by a new entry that reverses the error and explains it.
- **Protection:** Formulas and totals are locked, the file is password protected, and version history is switched on so every change can be traced.
- **Monthly close:** After the bank reconciliation, the month's rows are locked and a PDF copy is saved. The Treasurer signs the reconciliation.
- **Backups:** A copy is saved to a second location after each monthly close, and the Treasurer checks once a year that a backup can be restored.
- **Independent review:** Each month the Treasurer, or another Trustee who does not make payments, agrees the cash book balance to bank statements obtained directly from the bank and checks a sample of entries to invoices and receipts. The totals and formulas are tested once a year.
- **Continuity:** Access details are held by the Treasurer so work can continue if the bookkeeper is unavailable.
- **Reporting and examination:** Management accounts and year-end accounts are drawn from the cash book. The independent examiner receives the final file with its version history.

14. Fraud prevention, conflicts of interest and related parties

Fraud is prevented mainly by the controls above, and by openness about anyone's personal interests.

- **Register of interests:** Trustees and management committee members declare their interests when they join and each year. Anyone with an interest in an item declares it at the meeting, leaves the discussion and does not vote. The minutes record this.
- **Related-party transactions:** Contracts or payments involving a Trustee, committee member, employee, or their relatives or businesses need Board approval with the person absent. They must be at or below market value, supported by written justification, and permitted by the Charity's governing document or the Charity Commission. They are disclosed in the annual accounts.
- **Gifts and hospitality:** Gifts or hospitality worth more than £50 are recorded in a register. Nothing is accepted from a supplier during a purchasing decision.
- **Warning signs:** Examples include rushed payment requests, changed supplier bank details, missing receipts, reconciliations not being done, and reluctance to share finance tasks or take leave. Anyone who sees one reports it under section 15.
- **Online fraud:** Payment requests received by email are verified by phone. Finance log-ins are protected with two-factor authentication.
- **Insurance:** The Board reviews cover each year, including trustee indemnity, public liability, employer's liability and equipment, and considers fidelity or crime insurance.
- **Induction:** Everyone who handles Charity money reads this policy before starting and receives a refresher when it changes.

15. Reporting concerns, breaches and incidents

Anyone who suspects fraud, theft, error or a breach of this policy tells the Treasurer or the Chair of the Board straight away.

If the concern involves either of them, it goes to another Trustee. People who raise concerns in good faith are protected from any detriment, and concerns may be raised in confidence.

The Chair convenes the Trustees promptly to decide the response. Depending on the facts, the Trustees:

- preserve the evidence and remove access to money and systems where needed;
- tell the bank, insurer and any affected funders;
- decide whether the matter is a serious incident to report to the Charity Commission, and whether to report it to the police or Action Fraud;
- agree any disciplinary or other action.

The Treasurer keeps a log of every loss, near miss and breach, and the Board reviews the log each year. After any incident, the Board checks whether the controls in this policy need to change.

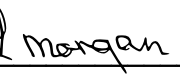
16. Review, approval and version control

The Treasurer reviews this policy at least once a year, and after any significant change in the Charity's activities, funding or governing document. Only the Board can approve changes.

Item	Detail
Policy owner	Treasurer
Version	1.1 (draft for Trustee approval, aligned with the 2027–2032 Business Plan)
Drafted	3 November 2026
Approved by the Board on	9 November 2026
Next review due	November 2027

Signed 

Roger Weeks
(Interim Trustee Treasurer and Co-Chair of Board of Trustees)

Signed 

Lynda Morgan
(Book Keeper and Management Committee Member)

Signed 

Anna Shields
(Co-chair of Board of Trustees)