



FINANCIAL RESPONSIBILITIES

DELEGATION OF AUTHORITY

The [board of trustees] recognises that the [chief executive] has day-to-day responsibility for management of the organisation and implementation of organisational policies, but that accountability remains with them.

The [board of trustees] are responsible for:

- approving the finance strategy, risk management policy and reserves policy
- approving Clothing Collective's financial policies and key financial procedures
- establishing financial management priorities, responsibilities and levels of delegated authority
- approving properly budgeted annual plans
- monitoring performance against these plans and budgets, and approving budget variations above [x]
- approving the trustees annual report and accounts
- appointing the independent examiner/auditor and formal communications with them.

The [chief executive] is responsible for:

- preparing, and presenting for approval, properly budgeted annual plans, in collaboration with the [finance officer].
- reviewing Clothing Collective's activities regularly, monitoring compliance with organisational policies and reporting to the [board of trustees] against agreed performance standards.
- ensuring that all staff and volunteers understand their responsibilities under these procedures
- risk management.

The [finance officer] is responsible for:

- ensuring that finance systems and processes which support these policies are set up, documented and implemented
- ensuring that sufficient records are maintained to show and explain Clothing Collective's transactions, in order to disclose accurately, the financial position of Clothing Collective's at any time
- managing the budgeting process for the annual plan
- presenting financial reports at each [trustees] meeting which give the [board of trustees] an understanding of Clothing Collective's overall finances, and giving advice and information to support decision making
- liaising with the independent examiner/auditor to produce the statutory accounts.

Reserves policy

Reserves are that part of a charity's unrestricted funds that is freely available to spend on any of the charity's purposes. Clothing Collective's maintains free unrestricted reserves:

- to provide a level of working capital that protects the continuity of our [core] work
- to provide a level of funding for unexpected opportunities
- to provide cover for risks such as unforeseen expenditure or unanticipated loss of income.

the [board of trustees] will review the above criteria with reference to Clothing Collective's strategy and Annual Plan and determine the target level of free reserves to meet these.

The [Board of Trustees] will at times designate funds from free reserves for significant project costs or replacement of major assets.

Conflict of interest policy

Trustees have a legal duty to act in Clothing Collective'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. Clothing Collective's expects a similar obligation from staff and volunteers.

Segregation of Duties Policy

In order to reduce the risk of errors and fraud, the processes in finance 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 in the cashbook, without another person being involved as a check and balance.

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