REVIEW OF FINANCIAL CONTROLS

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Purpose of the paper

To outline the thinking of the Finance Subcommittee regarding the charity undertaking a review of its financial controls

Background and context

All charities with a turnover in excess of £1m are required to have an annual independent examination of their financial controls. Whilst Healthy Minds turnover is less than £1m the Finance Subcommittee believes it is important to consider whether the organisation has sufficiently robust control over its financial procedures.

The subcommittee has reviewed the Charities Commission report (CC8) and a Women's Council report and a number of key controls were identified. It was generally felt that segregation of duties and good quality financial reporting were both essential. Budgetary control, appropriate use of restricted funds, fundraising procedures and occasional checks of financial controls by trustees were also considered important.

There are some financial controls that are already reflected in the finance policy and they are currently subject to the annual independent examination of accounts. However it is recognised that there is further work that Healthy Minds could undertake in order to strengthen its financial controls. There is an acknowledgement that WYCAS could assist the organisation in carrying out this work. It was felt that a discussion with WYCAS would be beneficial in order to ascertain their views and find out the services that they offer.

Where are we now?

The Finance Subcommittee has had extensive discussions prior to this paper being presented to the Board. The committee is now seeking agreement from the Board that further work should be undertaken in order to strengthen its financial controls.

What are the key issues?

The key areas identified for further work are segregation of duties, financial reporting to the Board, budgetary control, appropriate use of restricted funds, fundraising procedures and occasional checks by trustees of financial controls.

What is asked of trustees?

This paper is presented for discussion and agreement to the strengthening of Healthy Minds financial controls.

Finance

There are financial implications involved in asking WYCAS to include a review of financial controls in their annual independent examination of accounts.

Recommendation

The charity should strengthen its financial controls in the areas outlined by the Finance Subcommittee.