PHOENIX THEATRE & ARTS CENTRE

FINANCIAL CONTROLS POLICY

Organisation:
Charity Registration Number: 1166858
Policy approved by: Board of Trustees
Date approved: 27 November 2026
Review date: 27 November 2028
Policy owner: Treasurer / Chair of Trustees

1. Purpose of this Policy

The purpose of this policy is to establish clear financial controls and procedures to ensure that the funds and assets of The Phoenix Theatre & Arts Centre (the Charity) are properly managed, protected and used in accordance with its charitable objectives.

As a registered charity, the organisation has a responsibility to ensure that all financial resources are managed responsibly, transparently and in the best interests of the Charity and its beneficiaries.

This policy aims to:

- Protect the Charity's money, property and other assets from loss, fraud, misuse or mismanagement.
- Ensure that all income is properly received, recorded and banked.
- Ensure that expenditure is necessary, reasonable, authorised and within agreed budgets.
- Maintain accurate and up-to-date financial records.
- Ensure that restricted funds and grant funding are used for their intended purposes.
- Provide trustees with sufficient financial information to oversee the Charity's financial position.
- Establish clear responsibilities and accountability for financial decisions.
- Ensure compliance with relevant charity legislation, accounting requirements and the Charity's governing document.

The policy applies to all trustees, employees, freelance workers, volunteers and anyone authorised to handle or make financial decisions on behalf of the Charity.

2. Financial Responsibilities and Accountability

2.1 Board of Trustees

The Board of Trustees has ultimate responsibility for the financial management and oversight of the Charity.

The Board will:

- Approve the annual budget and monitor financial performance.
- Ensure that the Charity has adequate financial controls and procedures.
- Review management accounts and financial reports regularly.
- Ensure that expenditure is consistent with the Charity's charitable purposes.
- Approve significant financial commitments and unbudgeted expenditure.
- Monitor the Charity's cash flow, reserves and financial sustainability.
- Ensure that restricted funds are properly accounted for.
- Review this policy at least annually.

Trustees remain collectively responsible for financial oversight, even where specific responsibilities are delegated to staff members or individual trustees.

2.2 Treasurer / Chair of the Trustees

The Treasurer will provide financial oversight on behalf of the Board and will:

- Support the preparation of the annual budget.
- Review management accounts and financial reports.
- Monitor income, expenditure and cash flow.
- Review bank reconciliations and financial controls.
- Advise the Board on financial risks and sustainability.
- Liaise with the bookkeeper, accountant or independent examiner, as appropriate.
- Bring any significant financial concerns to the attention of the Board.

The Treasurer will not have sole control over the Charity's finances. As an additional monitoring tool, a Finance Sub-committee meets quarterly to assess the financial position of the venue on an ongoing basis.

2.3 Chief Executive Officer

The CEO will be responsible for the day-to-day implementation of this policy.

Their responsibilities include:

- Managing expenditure within the approved budget.
- Ensuring income is collected, recorded and banked correctly.
- Ensuring invoices are checked and authorised.
- Maintaining appropriate financial records.
- Monitoring departmental or project budgets.
- Providing regular financial information to the Treasurer and Board.
- Ensuring staff and volunteers understand their financial responsibilities.

2.4 Separation of Financial Duties

Wherever possible, financial duties must be divided between at least two people.

In particular:

- The person requesting or making a purchase should not be the sole person approving its payment.
- The person preparing a bank reconciliation should not be the only person reviewing it.
- Individuals must not authorise payments to themselves.
- Individuals must not approve their own expenses.
- Bank payments should be subject to appropriate independent authorisation.

Where the size of the organisation makes full separation impractical, additional oversight must be provided by the Treasurer or another trustee.

3. Annual Budget and Financial Planning

The Charity will prepare an annual income and expenditure budget before the beginning of each financial year.

The budget should include, as applicable:

- Grant income and restricted project funding.
- Donations and fundraising income.
- Ticket sales and box office income.
- Room and venue hire.

- Workshop, class and participation income.
- Café, bar or other trading income, where applicable.
- Salaries, freelance fees and staffing costs.
- Programme and production costs.
- Building, utilities and maintenance costs.
- Marketing and administration costs.
- Insurance, professional fees and other operating costs.
- Capital expenditure and equipment purchases.

The budget must be reviewed and approved by the Board of Trustees.

The CEO or delegated budget holders are responsible for managing expenditure within their approved budgets.

Significant variances between actual and budgeted income or expenditure must be explained in the management accounts.

Any significant unbudgeted expenditure must receive additional approval in accordance with the financial authority limits in this policy.

4. Financial Authority and Approval Limits

The following financial approval limits apply unless otherwise agreed by the Board.

Value of expenditure	Required authorisation
Up to £250	CEO or delegated budget holder
£251–£1,000	CEO with confirmation that budget is available
£1,001–£5,000	CEO and Treasurer, or another authorised trustee
Over £5,000	Prior approval by the Board of Trustees

These limits apply to individual purchases and commitments, not simply individual invoices. Purchases must not be split into smaller amounts to avoid approval requirements.

All expenditure must be:

- For legitimate Charity purposes.
- Within an approved budget, wherever possible.
- Supported by an invoice, receipt, contract or other appropriate documentation.
- Properly authorised before the commitment is made.

Where expenditure is urgent and a Board meeting cannot reasonably be arranged, the Chair and Treasurer may jointly authorise expenditure up to £5,000, provided it is necessary to protect the Charity or its operations. The decision must be reported to the next Board meeting.

Any expenditure above £5,000 must normally receive prior Board approval.

The Board may amend these limits by formal resolution.

5. Banking Arrangements

All bank and building society accounts must be held in the legal name of the Charity.

The Charity must not use personal bank accounts belonging to trustees, staff or volunteers for charitable transactions.

The Board will approve the opening and closure of bank accounts and any significant changes to banking arrangements.

5.1 Bank Signatories

- The Charity will maintain an up-to-date list of authorised bank signatories.
- There should be at least three authorised signatories, where practicable.
- Changes to bank mandates must be approved by two authorised individuals, one of whom must be a trustee.
- Bank signatories must not share passwords, PINs or security credentials.
- The bank mandate must be reviewed at least annually and whenever there are changes to trustees or senior staff.

5.2 Online Banking

Where online banking is used:

- Dual authorisation should be enabled for payments wherever available.
- The person setting up a payment should not be the sole person authorising it.
- Bank security details must be kept confidential.
- Payment details must be checked against supporting invoices or other documentation.
- Changes to supplier bank details must be independently verified using an established contact method.

- Online banking access must be removed promptly when an individual leaves their role.

5.3 Bank Reconciliations

All bank accounts must be reconciled at least monthly.

Reconciliations must:

- Compare accounting records against bank statements.
- Identify and investigate discrepancies.
- Identify unusual or unauthorised transactions.
- Be completed promptly after the end of each month.
- Be independently reviewed by the Treasurer or another authorised trustee.

Evidence of reconciliation and review must be retained.

6. Income Controls

The Charity receives income from a range of activities. All income must be accurately recorded, properly allocated and banked promptly.

Income sources may include grants, donations, ticket sales, fundraising, room hire, workshops, membership, café or bar sales and other trading activities.

6.1 General Income Procedures

- All income received must be recorded in the Charity's accounting system or appropriate income records.
- Income must be allocated to the correct income category and fund.
- Supporting records must be retained.
- Cash and cheques must be banked promptly.
- Income must be banked gross, without deductions for expenses.
- Any refunds or adjustments must be properly authorised and recorded.
- Personal funds must never be mixed with Charity funds.

6.2 Ticket Sales and Box Office

For performances, events and other ticketed activities:

- Ticket sales must be recorded through the venue’s approved ticketing or box office system.

- Ticket prices, discounts and complimentary tickets must be approved by the Centre Manager or authorised person.
- Complimentary tickets and discounts must be monitored and recorded.
- Box office income must be reconciled against ticketing system reports.
- Cash received at the box office must be counted and recorded by two people wherever practicable.
- Cash discrepancies must be investigated and reported to the Centre Manager.
- Refunds must be authorised and supported by an appropriate record.
- Ticketing income must be reconciled against bank receipts and card payment reports.

6.3 Cash Income

Where cash is received, including from events, donations, fundraising or other activities:

- Cash must be counted by two people wherever practicable.
- Cash received must be recorded on a cash reconciliation sheet.
- Both counters should sign the reconciliation.
- Cash must be stored securely in a locked safe or cash box until banked.
- Access to cash storage must be restricted.
- Cash must be banked regularly and without unnecessary delay.
- Any shortages or discrepancies must be investigated and recorded.

Cash must not be used directly to pay expenses unless specifically authorised under the petty cash procedure.

6.4 Card and Electronic Payments

Card and online payments must be processed through approved payment providers.

- Card terminal reports must be reconciled against accounting records and bank receipts.
- Online payment reports must be checked regularly.
- Refunds must be properly authorised.
- Payment processing fees must be recorded as expenditure and not deducted from income records.
- Access to payment systems must be restricted to authorised individuals.

6.5 Grants and Restricted Income

All grants and restricted funding must be recorded separately in the Charity's accounting records.

The Charity must:

- Retain copies of grant agreements and funding conditions.
- Record the purpose and restrictions attached to each grant.
- Monitor spending against the approved project budget.
- Ensure expenditure meets the funder's requirements.
- Maintain evidence of expenditure.
- Submit monitoring reports and financial returns within required deadlines.
- Obtain approval before making any material changes to agreed project expenditure, where required by the funder.

Restricted funds must not be used to meet general operating costs unless the grant conditions expressly permit this.

7. Expenditure Controls

All expenditure must be reasonable, necessary and incurred in furtherance of the Charity's purposes.

7.1 Purchasing and Procurement

Purchases must represent good value for money and be appropriate to the needs of the organisation.

- Purchases must be made within approved budgets.
- Approval must be obtained before placing orders or entering into commitments.
- Invoices must be checked against orders and confirmation that goods or services have been received.
- Appropriate records must be maintained.
- Wherever practicable, more than one quotation should be obtained for significant purchases.

For purchases over £1,000, at least two quotations should normally be sought.

For purchases over £5,000, at least three quotations should normally be sought, with the Board approving the preferred supplier.

Where competitive quotations are not practical, for example due to specialist artistic requirements, an existing supplier relationship or an emergency, the reasons must be documented.

7.2 Invoice Payments

All supplier invoices must be checked before payment.

Checks should include:

- Supplier identity and details.
- Accuracy of the invoice.
- Confirmation that goods or services have been received.
- Confirmation that expenditure was authorised.
- Correct budget and accounting allocation.
- Appropriate VAT treatment, where relevant.

Invoices must be approved by someone other than the person who requested the purchase, wherever practicable.

Payments must be made using approved Charity payment methods.

7.3 Debit and Credit Cards

Any Charity debit or credit cards must be issued only to authorised individuals.

The Charity will:

- Maintain a register of cardholders.
- Set appropriate spending limits.
- Restrict cards to legitimate Charity expenditure.
- Require receipts for all transactions.
- Review card statements regularly.
- Prohibit personal expenditure.
- Require cardholders to explain and repay any unauthorised expenditure.

Cardholders must not approve their own card expenditure.

7.4 Petty Cash

The Charity should minimise the use of petty cash.

Where a petty cash float is required:

- The maximum float will be £100 unless otherwise approved.
- Petty cash must be held securely.
- Every payment must be supported by a receipt wherever possible.
- Payments must be recorded in a petty cash book or accounting system.
- Petty cash must be reconciled regularly.
- Reconciliation must be reviewed by someone other than the person responsible for the float.

Petty cash must not be used to bypass normal purchasing or approval procedures.

8. Staff, Freelancers and Payroll

All salary payments, freelance fees and other staffing costs must be properly authorised and recorded.

The Charity will ensure that:

- Employment contracts and agreed rates of pay are documented.
- New starters and leavers are notified promptly to the payroll administrator.
- Changes to salary, hours or contractual arrangements are approved by an authorised person.
- Payroll is checked before payment.
- Payroll payments are reconciled against payroll records.
- PAYE and National Insurance obligations are met.
- Freelance payments are supported by appropriate invoices or contracts.
- Payments to trustees, staff or connected parties are properly authorised and comply with the governing document and relevant charity law.

No individual may authorise changes to their own salary, fees or benefits.

Trustee payments must receive particular scrutiny and must only be made where legally permitted and properly authorised.

9. Expenses and Reimbursements

Trustees, staff and volunteers may be reimbursed for reasonable expenses necessarily incurred while carrying out authorised Charity activities.

All expense claims must:

- Relate directly to Charity business.
- Be supported by receipts wherever possible.

- Include details of the purpose of the expenditure.
- Be submitted within a reasonable period.
- Be approved by an authorised person other than the claimant.

Mileage and subsistence claims must follow the Charity's agreed expenses arrangements and relevant HMRC requirements.

Trustees must not receive payments or benefits beyond what is permitted by charity law and the Charity's governing document.

10. Conflicts of Interest and Related-Party Transactions

All trustees, staff and relevant volunteers must declare any actual, potential or perceived conflicts of interest.

The Charity will maintain a register of interests for trustees and relevant senior staff.

Where a financial decision involves a trustee, staff member or connected person:

- The conflict must be declared.
- The individual must not participate in the decision unless permitted under the governing document and applicable law.
- The conflicted person must not approve the transaction or payment.
- The decision and reasons must be recorded in the minutes.
- Any payment or benefit must be legally authorised and demonstrably in the Charity's best interests.

The Charity must not enter into transactions simply because they benefit an individual connected to the organisation.

11. Assets, Equipment and Stock

The Charity must maintain appropriate records of its assets and equipment.

This includes, where applicable:

- Musical instruments and technical equipment.
- Lighting, sound and staging equipment.
- Computers and office equipment.
- Furniture and fittings.

- Artwork and other valuable items.
- Vehicles and other significant assets.

A fixed asset register should be maintained for significant assets, recording their description, purchase date, cost, location and disposal details.

The Charity will:

- Ensure assets are used for legitimate Charity purposes.
- Maintain appropriate insurance.
- Carry out periodic checks of significant equipment.
- Record and authorise asset disposals.
- Investigate missing or damaged assets.
- Ensure that equipment hired or loaned to third parties is appropriately documented.

Any sale or disposal of significant Charity assets must be approved by the Board or under a specific delegated authority.

12. Reserves and Cash Flow Management

The Board will maintain an appropriate reserves policy, setting out the level of unrestricted funds the Charity aims to hold and the reasons for that level.

The Charity will monitor:

- Available unrestricted funds.
- Restricted and designated funds.
- Cash flow and expected income.
- Outstanding liabilities.
- Future commitments.
- Risks arising from grant funding and fluctuating earned income.

The Board should regularly consider whether the Charity has sufficient funds to meet its financial commitments and continue delivering its charitable activities.

Any concerns about the Charity's ability to meet its liabilities must be reported to the Board immediately.

13. Financial Reporting and Management Accounts

Management accounts will be prepared at least quarterly, and preferably monthly where resources allow.

Reports to the Board should include:

- Income and expenditure against budget.
- Actual and forecast cash position.
- Bank balances.
- Restricted fund balances.
- Significant budget variances.
- Outstanding liabilities and commitments.
- Grant income and project expenditure.
- Any significant financial risks or concerns.

The Treasurer should review the reports before they are circulated to the Board.

The Board must ensure that it understands the Charity's financial position and takes appropriate action where concerns arise.

14. Financial Records and Accounting

The Charity will maintain accurate and complete financial records in accordance with relevant legislation and applicable charity accounting requirements.

Records will include:

- Bank statements and reconciliations.
- Sales and income records.
- Supplier invoices and receipts.
- Payroll records.
- Expense claims.
- Grant agreements and financial returns.
- Contracts and purchase orders.
- Asset registers.
- Accounting journals and financial reports.
- VAT and Gift Aid records, where applicable.

Records must be retained securely for the legally required period.

Accounting records must be accessible to authorised trustees and available for inspection by the Charity's accountant or independent examiner.

The Charity will prepare its annual accounts and trustees' annual report in accordance with the requirements applicable to its legal structure and income level.

15. Fraud Prevention and Reporting

The Charity has a zero-tolerance approach to fraud, theft, financial abuse and deliberate misuse of charitable funds.

All trustees, staff and volunteers must report suspected:

- Fraud or theft.
- Misappropriation of funds.
- Unauthorised expenditure.
- Falsification of financial records.
- Misuse of Charity bank accounts or payment cards.
- Financial conflicts of interest that have not been declared.
- Attempts to obtain Charity funds through fraudulent means.

Concerns should be reported to the CEO, Treasurer or Chair of Trustees.

Where the concern involves one of these individuals, it should be reported directly to another uninvolved trustee.

All concerns must be recorded, investigated appropriately and reported to the Board.

The Charity will consider whether the matter requires notification to the Charity Commission as a serious incident, or reporting to other relevant authorities.

16. Insurance and Risk Management

The Charity will maintain appropriate insurance cover for its activities, assets, employees, trustees and premises.

The Board will periodically review financial risks, including:

- Loss of grant funding.
- Reduced ticket sales or venue hire income.
- Cash handling risks.
- Fraud and cybercrime.
- Unexpected building repairs.
- Rising operating costs.

- Financial commitments that cannot be met.
- Loss or damage to equipment and other assets.

Significant financial risks should be recorded in the Charity's risk register and reviewed regularly.

17. Review and Compliance

This policy will be reviewed at least annually by the Treasurer and approved by the Board of Trustees.

It must also be reviewed following:

- Significant changes to the Charity's activities or financial arrangements.
- A significant financial loss or suspected fraud.
- Changes to relevant legislation or Charity Commission guidance.
- Changes to the Charity's staffing or governance arrangements.

All trustees, staff and relevant volunteers will be made aware of this policy.

Failure to comply may result in further investigation and appropriate action.

18. Approval

This policy was approved by the Board of Trustees of The Phoenix Theatre & Arts Centre on:

Date: 27 November 2026

Chair of Trustees: Eric Clifford

Treasurer: Andy Dicker

Next review date: 15 December 2028