Financial Controls Policy

Policy Created: April 2023

Last Reviewed: February 2026

Next Review: February 2027 (or sooner if significant changes in legislation, guidance, or organisational activities occur)

Reviewed by: Laurence Clark

Responsible Officer: CEO

Approved by: CEO

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1. Introduction and Commitment

Pathways Associates CIC is a disabled-led Community Interest Company dedicated to enabling people with learning disabilities, autistic people, and their families to live the lives they choose as equals in their local communities.

The organisation is committed to robust financial controls that ensure transparency, accountability, and efficient use of resources to maximise community benefit. This policy sets out the procedures for managing banking, income, expenditure, documentation, and other financial undertakings, preventing fraud or misuse while supporting ethical decision-making.

As of February 2026, this policy aligns with current best practice for small CICs, including guidance from the CIC Regulator (updated 2025), HMRC requirements, the Charity Commission's internal financial controls checklist (adapted for CICs), and the Institute of Chartered Accountants in England and Wales (ICAEW) recommendations on fraud prevention and digital banking. It emphasises risk-based controls, segregation of duties, and regular reviews to reflect our flexible, mostly remote operations. This policy supports our Corporate Responsibility Policy (ethical practices), Counter Fraud and Security Management Policy (fraud prevention), Information Governance and Data Protection Policy (secure financial data handling), and Environmental Policy (sustainable procurement).

It reflects our values of led by lived experience (involving Experts by Experience in financial oversight where appropriate), partnership (collaborating with auditors and stakeholders), inclusion and respect (accessible financial processes), innovation (embracing digital tools), and integrity (transparent and ethical management).

We commit to maintaining accurate records that meet legal obligations (e.g., Companies Act 2006, HMRC), enable timely reporting, and demonstrate value for money in delivering our community interest objectives.

2. Banking

Pathways Associates CIC maintains secure banking arrangements to safeguard funds and facilitate efficient transactions. The organisation uses

online banking with multi-factor authentication and approval workflows to minimise risks. Bank accounts are held with reputable institutions, and access is limited to authorised personnel (CEO and nominated finance lead) with segregated duties for initiators and approvers.

Reconciliations are performed monthly by the finance lead and reviewed by the CEO, with any discrepancies investigated immediately. Bank statements are retained securely for seven years in line with HMRC guidance. Digital payments are preferred for efficiency and environmental reasons, but cash handling is minimised and logged if unavoidable. The organisation monitors for unusual activity and links to the Counter Fraud Policy for reporting suspicions.

3. Receipts (Income)

All income, including grants, donations, fees, and fundraising, is recorded promptly and accurately to ensure traceability and compliance. Income is deposited into the bank account within five working days of receipt, with electronic transfers encouraged. Receipts are issued for all cash or significant donations, and a log is maintained for tracking.

Grants and restricted funds are monitored separately to ensure they are used as intended, with reporting to funders as required. Income is reconciled against budgets monthly, and any variances are reviewed by the Board. The organisation promotes ethical fundraising aligned with our values, and all income is declared in the annual CIC34 report and accounts.

4. Payments (Expenditure)

Expenditure is authorised only for legitimate business purposes that advance our community interest objectives. All payments require prior approval based on budget allocation:

- Up to £500: Approved by finance lead
- £501–£5,000: Approved by CEO
- Over £5,000: Approved by Board

Payments are made electronically where possible, with dual authorisation. Petty cash is limited to £200, with receipts required for all transactions and reconciliations monthly. Expenses claims must be submitted with receipts

within one month and approved by a line manager. Procurement follows value-for-money principles, preferring ethical, local, and sustainable suppliers (links to Environmental Policy). VAT is reclaimed where eligible, and all expenditure is recorded in the accounting system for audit trails.

5. Payments Documentation

Every payment is supported by appropriate documentation to ensure transparency and auditability. Invoices are checked for accuracy against purchase orders or contracts before approval. Documentation includes:

- Supplier invoice or receipt
- Purchase order/authorisation form
- Proof of payment (e.g., bank transfer confirmation)
- Expense claims with itemised receipts and justification

Records are stored securely (digitally preferred) for seven years per HMRC requirements. Digital signatures are accepted for approvals, with access logs maintained. For grants or payments to individuals (e.g., Experts by Experience), documentation includes consent forms and payment schedules. The finance lead ensures compliance with tax rules (e.g., PAYE for associates), and all records are available for internal audits or CIC Regulator inspections.

6. Cheque Signatures and Cash Cards

Cheques are rarely used, with electronic payments preferred for security. If needed, cheques require two signatures from authorised signatories (CEO and Board-approved members). Blank cheques are never pre-signed, and chequebooks are stored securely.

Corporate cash or debit cards are issued only to the CEO and finance lead, with a £1,000 monthly limit per card. Transactions are reconciled weekly, with receipts mandatory. Cards are used for low-value, urgent purchases only, and personal use is prohibited. Lost/stolen cards are reported immediately to the bank and CEO. This aligns with our Counter Fraud Policy to prevent misuse.

7. Other Undertakings

Pathways Associates CIC does not enter into loans, overdrafts, or financial commitments without Board approval and legal advice. Investments, if any, are low-risk and ethical, aligned with our values and CIC objectives. Insurance is reviewed annually to cover public liability, professional indemnity, and assets.

The organisation maintains a reserves policy targeting 3–6 months of operating costs, reviewed quarterly. Fundraising complies with the Fundraising Regulator Code, with transparent donor communications. All financial undertakings are risk-assessed, with high-value contracts requiring competitive quotes (at least three for over £5,000). Links to Corporate Responsibility Policy ensure ethical considerations in all dealings.

8. Other Rules

Financial year-end is 31 March, with accounts prepared by an independent accountant and audited if required by turnover thresholds. The Board receives quarterly financial reports, including cash flow and variance analysis. Conflicts of interest are declared and managed per our Corporate Responsibility Policy.

A fixed asset register is maintained, listing purchase date, cost, serial numbers, and location for items over £500. Property records track significant items and their use. Fraud risks are mitigated through segregation of duties, regular audits, and whistleblowing via Freedom to Speak Up Policy. Digital tools (e.g., accounting software) are used with strong cybersecurity (links to Information Governance Policy). All staff receive annual financial controls training.

9. Monitoring, Review, and Continuous Improvement

This policy is reviewed annually or following legislative changes (e.g., HMRC updates). Monitoring includes monthly reconciliations, quarterly Board reviews, and annual external checks. Learning from audits or incidents is co-produced with Experts by Experience where relevant. Feedback on financial processes is welcomed to ensure transparency and efficiency.

10. Conclusion

Pathways Associates CIC is dedicated to financial controls that protect resources and enable impactful work. By ensuring transparency, ethical management, and continuous improvement, we honour our disabled-led values and deliver sustainable benefits for people with learning disabilities, autistic people, and their families.