



ACTION FOR CHANGE & EMPOWERMENT (A.C.E)

# INTERNAL FINANCIAL CONTROLS POLICY

## 1. Introduction

Action for Change & Empowerment (A.C.E.) is committed to ensuring that its financial activities are transparent, accurate, and properly managed to prevent fraud, errors, and financial mismanagement. This policy outlines the procedures and controls in place to ensure the integrity and reliability of financial transactions, safeguard assets, and comply with relevant regulations.

## 2. Purpose

The purpose of this policy is to:

- 2.1 Establish clear and effective internal controls for financial management.
- 2.2 Ensure that financial operations are conducted in a responsible and accountable manner.
- 2.3 Prevent and detect fraud, misappropriation, and financial misconduct.
- 2.4 Protect the organization's assets from misuse or loss.

## 3. Scope

This policy applies to all employees, trustees, and volunteers involved in managing or overseeing financial activities within Action for Change & Empowerment. It applies to all financial transactions, including income (donations, grants, fundraising), expenses, procurement, and reporting.

## 4. Financial Governance and Oversight

Action for Change & Empowerment has established governance structures to ensure financial oversight, including:

- 4.1 **Board of Trustees / Directors:** Responsible for approving the annual budget, financial policies, and financial statements.

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Instagram: [ace\\_giving](#)  
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**Action for Change & Empowerment (A.C.E)**  
10, Balfe Street, London, N1 9EG  
Company Limited by Guarantee.  
Registered in England & Wales.  
Company number 07708601



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**4.2 Finance Committee:** Oversees the implementation of financial controls, monitors the financial health of the organization, and ensures that internal controls are followed.

**4.3 Finance Manager:** Responsible for implementing and maintaining internal controls, preparing financial reports, and ensuring compliance with financial procedures.

## 5. Key Internal Financial Controls

### (a) Segregation of Duties

5(a).1 We will ensure the segregation of duties to reduce the risk of errors or fraud. No individual will be responsible for both authorizing and processing transactions.

5(a).2 Specific roles and responsibilities will be defined for:

5(a).2.i Authorization of transactions.

5(a).2.ii Processing and recording of transactions.

5(a).2.iii Reconciliation of financial records.

### (b) Financial Planning and Budgeting

5(b).1 An annual budget will be prepared, approved by the Board of Trustees, and aligned with the organization's goals and activities.

5(b).2 The Finance Manager will regularly compare actual performance to the budget to identify any discrepancies or potential risks.

5(b).3 The budget will include provisions for reserves and unexpected expenses to ensure financial stability.

### (c) Bank Accounts and Cash Management

5(c).1 Bank accounts will be set up in the name of Action for Change & Empowerment (A.C.E), and all bank transactions must be authorized by two or more designated individuals.

5(c).2 Cash handling will be limited, and cash transactions will be properly documented. Cash on hand will be regularly reconciled with the records.

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5(c).3 Petty cash will be maintained in a secure manner, with transactions requiring receipts and proper approval.

#### **(d) Record Keeping and Documentation**

5(d).1 All financial transactions will be recorded promptly and accurately in the organization's accounting system.

5(d).2 Documentation (invoices, receipts, contracts, etc.) must support all transactions and will be retained for at least seven years.

5(d).3 Monthly bank reconciliations will be performed to ensure accuracy and identify any discrepancies.

#### **(e) Financial Reporting**

5(e).1 Regular financial reports, including income statements and balance sheets, will be prepared and reviewed by the Finance Manager and the Finance Committee.

5(e).2 The Board of Trustees will receive quarterly financial updates and approve the final financial statements at the end of the fiscal year.

5(e).3 Any material variances between budgeted and actual figures will be investigated and reported.

#### **(f) Approval of Expenses and Payments**

5(f).1 All expenses will require prior approval from the appropriate manager or supervisor, with supporting documentation.

5(f).2 Payment requests must be reviewed and approved by two authorized individuals, ensuring proper authorization and compliance with budgetary limits.

5(f).3 Only legitimate business expenses will be reimbursed, with receipts required for reimbursement claims.

#### **(g) Procurement and Contract Management**

5(g).1 Procurement of goods and services must follow competitive, transparent processes, ensuring value for money and fairness.

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5(g).2 All contracts will be reviewed and approved by the Finance Committee or legal advisors to ensure compliance with legal and financial policies.

5(g).3 The Finance Manager will ensure that all contracts are properly recorded and managed.

## 6. Risk Management and Fraud Prevention

Action for Change & Empowerment will proactively identify and manage financial risks, including:

- 6.1 Regularly assessing financial risks and taking steps to mitigate them.
- 6.2 Ensuring all staff and volunteers are aware of and adhere to anti-fraud policies.
- 6.3 Providing regular training on financial management and fraud prevention.
- 6.4 Establishing a clear reporting mechanism for suspected fraud or financial misconduct.

## 7. Audits and External Review

- 7.1 The organization will undergo an annual independent audit to assess the effectiveness of its internal controls and financial statements.
- 7.2 The external auditor will provide a report to the Board of Trustees, which will be made available to stakeholders.
- 7.3 The Finance Committee will review audit findings and take corrective actions if required.

## 8. Training and Awareness

- 8.1 All employees and volunteers involved in financial activities will receive regular training on internal financial controls, fraud prevention, and best practices.
- 8.2 Staff will be trained to recognize and report any irregularities or concerns regarding financial management.

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## 9. Fraud Training

9.1 Employees, volunteers, and stakeholders are encouraged to report any suspected financial fraud or misconduct. Reports will be taken seriously and investigated promptly, with appropriate disciplinary actions taken if necessary.

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**Policy Owner:** Board of Trustees / Directors

**Policy Lead:** Director / Senior Responsible Owner (SRO)

**Audience:** Employees, Trustees, and Volunteers

**Formally Endorsed By:** Board of Trustees / Directors / Coordinating Committee

**Last Reviewed:** 01/09/2025

**Next Review:** 31/08/2026

Bola Obanubi

Director, A.C.E NGO

Action for Change & Empowerment (A.C.E NGO)

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