



Financial Controls & Reserves Policy

1. Purpose of this Policy

The purpose of this policy is to ensure that The Special Lioness manages its finances responsibly, transparently, and in line with legal and regulatory requirements. Strong financial controls protect the charity's assets, ensure funds are used appropriately, and maintain the trust of families, donors, funders, and partners. This policy also outlines our approach to reserves, ensuring the charity remains financially resilient and able to continue supporting families raising disabled and life-limited children.

2. Financial Responsibilities

2.1 Trustees

The Board of Trustees holds ultimate responsibility for:

- Ensuring proper financial management
- Approving budgets and monitoring performance
- Ensuring compliance with charity law and reporting requirements
- Overseeing internal financial controls
- Approving the annual accounts and reserves position

2.2 Staff and Volunteers

Staff and volunteers involved in financial processes must:

- Follow this policy and all related procedures
- Maintain accurate records
- Report concerns immediately to the Trustees

No staff member or volunteer may authorise payments to themselves.

3. Financial Controls

3.1 Banking

- All bank accounts are held in the name of The Special Lioness.
- Online banking access is restricted to authorised individuals approved by the Trustees.
- Bank statements are reviewed monthly by the Treasurer or designated Trustee.

3.2 Payments & Expenditure



- All expenditure must be approved in advance by an authorised person.
- Payments over a set threshold (e.g., £500) require dual approval from two

Trustees.

- Receipts or invoices must be provided for all purchases.
- Cash payments should be avoided where possible.

3.3 Income Handling

- All income must be recorded accurately and banked promptly.
- Donations must be logged and, where applicable, recorded for Gift Aid.
- Restricted income must be tracked separately and used only for its intended purpose.

3.4 Procurement

- Purchases must represent good value for money.
- Competitive quotes should be sought for significant expenditure.
- Conflicts of interest must be declared and managed.

3.5 Financial Records

- Accurate financial records must be maintained in line with the Charities Act 2011.
- Records must be stored securely and retained for the required statutory period.
- The charity will prepare annual accounts in accordance with the Charities SORP (FRS 102).

3.6 Fraud Prevention

The charity will:

- Maintain clear separation of duties
- Require dual authorisation for payments
- Monitor accounts regularly
- Investigate any irregularities immediately

Suspected fraud will be reported to the Chair of Trustees and, where appropriate, the Charity Commission and/or police.

4. Budgeting & Financial Planning

- An annual budget will be prepared and approved by the Trustees.



- Actual income and expenditure will be monitored against the budget at least quarterly.
- Significant variances will be reviewed and addressed promptly.
- Multi-year planning will be used where appropriate, especially for grant-funded projects.

5. Reserves Policy

5.1 Purpose of Reserves

Reserves are held to:

- Ensure financial stability
- Protect against unexpected drops in income
- Cover essential operating costs during emergencies
- Support the charity's ability to continue delivering services

5.2 Target Level of Reserves

The Special Lioness aims to hold free reserves equivalent to three months of core operating costs, as agreed by the Trustees.

This level is considered appropriate to:

- Maintain stability during funding gaps
- Respond to urgent needs
- Protect the charity from financial risk

5.3 Types of Reserves

- **Restricted Reserves:** Funds given for a specific purpose; cannot be used for general operations.
- **Unrestricted Reserves:** Funds available for any charitable purpose.
- **Designated Reserves:** Unrestricted funds set aside by Trustees for a specific future purpose.
- **Free Reserves:** Unrestricted funds not committed or designated — available to support day-to-day operations.

5.4 Monitoring Reserves

- Reserves will be reviewed quarterly by the Trustees.
- The reserves position will be reported in the annual accounts.
- If reserves fall below the target level, Trustees will agree an action plan to rebuild them.
- If reserves exceed the target level, Trustees may designate funds for strategic development or service expansion.

6. Review of Policy

This policy will be reviewed annually by the Board of Trustees or sooner if:



- There are significant changes in financial risk
- The charity's operating model changes
- Regulatory guidance is updated