



Finance Policy

Approved by the Board on 21 March 2024

Contents

Introduction.....	1
Financial Reserves Policy	1
Investment Policy	1
Finance Committee	1
Bribery, Fraud and Corruption Policy	3
Ethical Choice of Partners	3
Fundraising Policy	3
Remuneration Policy	4
Cyber Security.....	5
Internal Controls	6
Employee Expenses Policy	6
Credit Card Policy	7
Expenses Form	9
Authorisation Matrix	10

Finance Policy

Introduction

Caplor Horizons' Finance Policy is made up of a combination of specific policies, roles and procedures that have been agreed by the Board. It will be added to as new aspects of finance policy and procedures are agreed.

Financial Reserves Policy

Having taken stock of practice more widely in the sector externally, and considered various factors internally, including analysing income and expenditure trends, it has been agreed by Trustees that the free reserves held by Caplor Horizons should equate to a minimum of 2 months of average expenditure with an optimum target of 4 months.

Investment Policy

Caplor Horizons invests reserves that are not needed for short term cash management. Trustees take a prudent approach by avoiding risk in this area, even though this means accepting a lower return. Investments are therefore limited to cash and cash-equivalent products rather than, for example, company shares or common investment funds.

Finance Committee

Membership

The Finance Committee is appointed by the Board and consists of the Chair of the Board, the Chair of the Finance Committee, the Co-Directors plus other Trustees/Staff members and Advisors as appropriate.

To be effective it is important that the Finance Committee (i) has the correct skills and experience mix, (ii) is an appropriate size and (iii) is focused re its modus operandi. The Committee deliberately includes people with business and not-for-profit experience, also people who have Finance, IT, and wider strategy experience. Finance meetings are held in advance of each Board Meeting and as deemed necessary by the Board or the Chair of the Finance Committee. A representative of the external auditors/independent external examiners may also attend. The quorum is one Trustee.

Overview

The role of the Finance Committee is

- To monitor the finances and solvency position and thereby safeguard the future of the Charity
- Ensure that the assets of the charity are dealt with in accordance with good practice and Charity law
- To review and approve the Statutory Accounts
- Provide a long term financial view

Duties

The Finance Committee:

1. Is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
2. Is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
3. Reviews draft budgets and recommends the next year's budget to the Board.
4. Review performance against budget and consider, with the Charity's finance manager and the Co-Directors, appropriate actions if performance is short
5. Identify and review financial risks.
6. Reviews special items brought forward for consideration, including specific items of expenditure (not foreseen within the budget) that may arise, and brings these to the Board's attention for approval as necessary.
7. Receives and reviews reports.
8. Deals with the independent examination of the organisation including:
 - a. Considering the appointment of external independent examiners, the fee and any questions of resignation or dismissal of the independent examiners.
 - b. Discussing with the external examiners before the audit commences the nature and scope of the audit, and ensuring co-ordination where more than one audit firm is involved.
 - c. Discussing problems and reservations arising from the interim and final audits/independent examinations, and any matters that the external auditors/independent examiners may wish to discuss, in the absence of Staff if and as deemed necessary
 - d. Reviewing the external auditors'/independent examiners' management letter and management's response.
 - e. Considers other topics as defined by the Board relating to the annual audit/independent examination.
9. Reviews the annual financial statements before submission to the Board, and reports to the Board on these, focusing particularly on:
 - a. Any changes in accounting policies and practices
 - b. Major judgmental areas
 - c. Significant adjustments resulting from the audit
 - d. The going concern assumptions
 - e. Compliance with accounting standards
 - f. Compliance with legal requirements
10. Reviews internal control systems and authority levels prior to endorsement by the Board.
11. Brings to the Board key points from its meetings, noting that all Trustees are responsible for financial matters.

Bribery, Fraud and Corruption Policy

It is the policy of Caplor Horizons that it is to be run ethically and that no bribes are to be given or received. Involvement with unethical practices, and bribery, fraud and corruption in particular, is contrary to our values and could cause serious damage to Caplor Horizons, whether or not Trustees and Staff know about it.

Our principal protective measure against bribery, fraud and corruption is to ensure that no payment is authorised unless it is properly substantiated (e.g. supported by a written contract).

If a Trustee, Advisor or member of Staff has any concerns or questions about any aspect of this policy, including gifts given or received, they should consult a Co-Director or the Chair.

Ethical Choice of Partners

Caplor Horizons seeks to work with partners, including donors, that share its values. It is guided in the choice of partners by the DFID Supply Partner Code of Conduct¹, extracts from which suggest the following features of suitable partners, beyond strategic and practical considerations:

- Honesty and integrity
- Safe and healthy workplaces
- Attention to human rights, equality, discrimination, modern slavery and safeguarding
- Freedom of association
- Reasonable accommodation for employees' religious observances
- High environmental standards in terms of both local and global impact
- Transparency and accountability on objectives and sources and use of funds
- Adherence to local legal and tax requirements

Fundraising Policy

Many of the activities of Caplor Horizons are paid for by clients, covering all or part of the costs in terms of staff time and expenses. Caplor Horizons also raises funds for its activities from supporters and grant-making bodies such as trusts and foundations. Companies and governments are other potential sources of funds. Fundraising by Caplor Horizons is guided by the values underlying the Fundraising Regulator's Code of Fundraising Practice²:

- Legal: All fundraising must meet the requirements of the law.
- Open: Fundraisers must be open with the public about their processes and must be willing to explain (where appropriate) if they are asked for more information.

¹ assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/750988/Supply-Partner-Code-August-2018.pdf

² <https://www.fundraisingregulator.org.uk/code>

- **Honest:** Fundraisers must act with integrity and must not mislead the public about the cause they are fundraising for or the way a donation will be used.
- **Respectful:** Fundraisers must demonstrate respect whenever they have contact with any member of the public.

If a donor wishes to support a specific activity of Caplor Horizons their donation is treated as restricted and spent and reported accordingly.

Donors are warmly thanked and acknowledged in Caplor Horizons' publications unless they request anonymity. They receive reports on the work they have supported. Caplor Horizons seeks to develop strong relationships with donors so that they feel that they are actively contributing to a cause rather than seeing their role as relatively passive.

Acceptance and Refusal of Donations

Caplor Horizons welcomes donations of all kinds from individuals, companies and grant-making bodies that share its values as stated above under "Ethical Choice of Partners" subject to the following restrictions. These restrictions are guided by advice from the Institute of Fundraising³ and are stated explicitly so that there is a clear basis for deciding whether to accept or refuse a donation:

- Caplor Horizons will not accept donations from funds that may have been obtained illegally or unethically nor from donors that might damage its reputation.
- It will avoid conflicts of interest, for example refusing donations from organisations that do not share our values.
- It will not accept anonymous donations of more than £5,000 in one year from one source, though any known donor may request that their identity should not be revealed in public. If an anonymous donation is subsequently found to come from a source from which it would not have been accepted Caplor Horizons will return it.
- It will not seek or accept donations from people who are believed to lack the capacity to make a decision to donate or are in vulnerable circumstances which mean they may not be able to make an informed decision.
- It will not accept a restricted donation for which the administrative costs or liabilities exceed the value of the donation.

Staff will refer any difficult decisions on accepting or refusing donations to the Board.

Remuneration Policy

The Board focuses on remuneration through its **People and Planet Committee**, which has duties that include the following:

- To review and monitor the rewards and remuneration of the Co-Directors.
- To support Co-Directors on staffing matters such as recruitment, retention, reward and staff surveys.

³ <https://www.institute-of-fundraising.org.uk/library/iof-acceptance-refusal-return-guidance/>

All other matters related to remuneration, and HR more widely, are dealt with according to the responsibilities set out in the Governance Handbook for the Co-Directors, People and Planet Committee, Finance Committee and Board.

The Remuneration Policy provides a foundation for the remuneration of staff, including Co-Directors. The policy takes into consideration three priorities:

- **Affordability:** any decisions on remuneration levels need to be taken against the backdrop of the resources available.
- **Fairness** covers the commitment to organisational culture – beliefs, values, etc - including “shared leadership” and “everyone matters”. These lead to the intention to maintain a relatively flat remuneration structure. Related to this is the intention to be transparent (to be seen to be fair) and to ensure work is rewarded fairly.
- **Competitiveness** involves comparison of salaries to those for similar or equivalent roles elsewhere. This is important in various ways, including attracting high quality candidates for jobs and retaining people, in which case it overlaps with fairness.

Decision making: The People and Planet Committee focuses on decisions about Co-Directors’ remuneration while the Co-Directors lead on decisions about the remuneration of other staff. This Policy helps ensure a robust approach to decision making for all staff. All decisions concerning the remuneration of staff as a whole should ultimately be referred to the full Board for final approval.

Pay ratio: The pay ratio is monitored to underpin the commitment to fairness. It is the highest salary in proportion to the lowest. The policy is to keep this ratio within a limit of 3:1.

Cyber Security

Introduction

Cyber security reduces the risk of cyber-attack by protecting the devices we use and the services we access from theft or damage and preventing unauthorised access to Caplor Horizons’ data.

Duties

We will:

- Stay alert for phishing attempts (phishing is where you receive an email, message, text or phone call that appears genuine but is actually malicious, attempting to trick you into revealing sensitive information or infecting devices with a virus)
- Create strong passwords and keep them secure
- Use two factor authentication where available
- Secure devices by updating them with manufacturers’ updates as advised by the manufacturers. These updates include fixes to flaws that hackers can use to gain access to the devices.
- Report incidents if they occur to one of the Co-Directors

Additional training and advice are available at the National Cyber Security Centre.⁴

⁴ <https://www.ncsc.gov.uk/training/top-tips-for-staff-scorm-v2/scormcontent/index.html#/>

Internal Controls

Introduction

As laid out in the Finance Policy, a key role of the Finance Committee is to review internal control systems and authority levels of Caplor Horizons. This document denotes the key areas of control considered.

Banking and cash controls

Caplor Horizons has chosen not to hold petty cash or deal with cash in anyway. This removes the multiple risks associated with cash.

Caplor Horizons holds two bank accounts:

NatWest – for day-to-day operations

Triodos – for charity reserves in line with the reserves policy

NatWest

There is no daily transaction limit on this account, but all payments must be authorised in writing by one Co-Director before they are entered on the website. All payments must be entered by one authorised user and approved by a second. User permissions on the site must always be set to prevent one user entering and authorising the same payment.

Triodos

Transaction limits are as follows:

- Any transaction over £100 requires authorisation by one Co-Director.
- The daily maximum transaction is £10,000

Authorising spend limits

Whilst controlling the movement on funds is important, this is secondary to the initial commitment to spend funds. With this in mind, an authorisation matrix is attached; this details the types of transactions and corresponding amounts that individuals and committees may commit to and authorise.

The matrix empowers employees to deal with transactions arising during the normal course of operations. Unusual transactions are presented upwards to the Board and the Finance Committee as required.

System notes

Notes detailing the administration procedures for income and expenditure are annexed to this document.

Employee Expenses Policy

Introduction

This policy will ensure that staff and advisors that are required to travel away from their normal place of work are reimbursed for reasonably incurred costs.

This policy does not lay out specific limits for expenditure; people instead are expected to act in a reasonable manner to minimise costs and such costs must be deemed to be “wholly, necessarily and exclusively incurred in the performance of a job.” Caplor Horizons will reimburse only those costs meeting these criteria.

Claim procedure

All expense claims should be submitted on the attached template with appropriate detail of the expense given. All expenditure must normally be accompanied by a suitable receipt. If no receipt exists then the authorisation process should give particularly close scrutiny to the propriety of approval.

Expense claims should as far as possible be submitted within 1 month of the end of the expenditure incurred. Expense claims will be paid within 1 month of receipt.

Mileage claims

A claim for mileage expenses is normally the only expense that would be unaccompanied by a receipt.

Instead mileage may be claimed at 45p per mile with the start point and end point of the journey, plus total mileage, noted on the claim. The mileage claimable is either from the usual place of work to the destination and back or your home to the destination, whichever is shorter.

VDU assessment

Every staff member who habitually uses a VDU as a significant part of normal work has a right to opt for an appropriate eye test. Caplor Horizons will cover this cost. Where eye tests carried out by the doctor or optometrist reveal that particular lenses are required for VDU work, the costs of minimum requirement frames and lenses will also be borne by Caplor Horizons.

In both cases, the costs should be discussed with your line manager before committing to them and then should be claimed through the procedure outlined above.

Advisors expenses process

Advisors may choose to submit either an expense claim using the same procedure as employees or submit their own invoice. In both circumstances, the same requirement for support by receipts applies.

Credit Card Policy

Caplor Horizons may issue credit cards to individuals at its discretion. Credit card use must comply with the policy set out below and should make appropriate reference to the expenses policy; non-compliance may result in disciplinary action and the cancellation of the card.

Practicalities

The cardholder must not give their credit card, credit card number, PIN, password or 3-digit security number to anyone else including Caplor Horizons personnel.

Your PIN should be kept separately to the credit card.

The cardholder is responsible for the safekeeping of the credit card. Should the card be lost or stolen, it is the card holder's responsibility to report this to the bank in a timely fashion.

Caplor Horizons is NOT covered for fraudulent attacks where PIN numbers or card details have been disclosed. Therefore people are asked to take great care in using their card.

Expenditure

The credit card is issued to you for the purpose of business expenditure only. Details of permitted expenditure can be found in the expenses policy. Personal expenditure on your credit card is strictly prohibited.

All expenditure must be accompanied by a suitable receipt.

Expenditure not accompanied by a receipt may be classed as personal expenditure and deducted from the cardholder's salary.

Credit Limit

You are responsible for monitoring and staying within your credit limit, communicating with the finance team as required.

Where you need to make an unusual payment, a temporary increase may be granted at line manager's discretion; this will last for the remainder of the month only before reverting to your usual credit limit.

Authorisation Matrix

	Individual project expenses	Collective project size/expense	Remuneration	Advisor invoices	Trustee and employee expenses	Overheads	Capital
Co-Directors	<£10,000	<£50,000	Other staff members	<£10,000	<£5,000 and not own	<£5,000	<£5,000
Other staff members	<£2,000	N/A	N/A		N/A	<£1,000	N/A
Finance Committee	≥£10,000	≥£50,000	N/A	≥£10,000	≥£5,000	≥£5,000	≥£5,000
People and Planet Committee	N/A	N/A	Co-Directors	N/A	N/A	N/A	N/A