

# Groby Sings Financial Management & Accounting Policy

## Financial Management

Financial management is more than just ensuring there is sufficient cash and keeping to budget.

Financial management involves:

- Setting financial objectives
- Planning and acquiring funds
- Ensuring funds are being effectively managed
- Management and financial accounting
- Formulating strategy
- Planning and controlling activities
- Decision-taking
- Optimising use of resources
- Disclosure to other interested parties external to Groby Sings
- Disclosure to employees
- Safeguarding assets.

Clear procedures are needed to ensure that the Trustees of Groby Sings have the tools and skills to ensure effective financial management take place. Where staff and/or volunteers are involved the individual responsibilities should be clear to avoid confusion, inconsistency & conflicts.

The role of the Treasurer or Chair is often crucial in discussion with key funding bodies, suppliers, commissioners of services, auditors *etc.* However, legally the Trustees are collectively/jointly responsible for ensuring that the charity's resources are properly managed and accounted for and must not assume the Treasurer and/or Chair will do everything. The following policies and procedures enable the Trustees to delegate financial management to the Treasurer.

## Definitions:

**Board:** The Board is the Board of Trustees of Groby Sings

**Gift Aid Manager:** The officer or trustee of Groby Sings that administers Gift Aid.

**Financial Year:** Groby Sings financial year is 1 February to 31 January.

**Treasurer:** The Treasurer is the member of the Board who leads the strategic and operational responsibility for the financial management of Groby Sings.

**Finance Manager:** The Finance Manager is the person who has the day-to-day responsibility for the administration of Groby Sings' financial transactions.

**Authorised Person:** Authorised persons are those persons authorised by the Board of Trustees to approve financial instruments (cheques, purchase orders, invoices, *etc*) on its behalf.

## Income Policy & Procedures

### *Purpose:*

To safeguard, monitor and control income including grants, donations & contribution in the form of BACS, cheques & cash.

To outline the structure of authorisation for dealing with income, credit-control and cash management.

### **Recording Payments:**

#### **Payment by BACS:**

Where payments are made directly into the bank account via the BACS payment system the Finance Manager will check for such direct payments each time a bank statement is received, or on-line as circumstances require.

#### **When payment by cheque or cash is received:**

When cheques or cash arrive the Finance Manager will ensure that cheques are properly signed and made payable to Groby Sings and will record their arrival in the accounts;

Cheques and cash received should be banked the within the same week. Any cheques or cash not banked immediately must be locked away in the safe overnight or until it is banked.

#### **Cash in Transit:**

All persons carrying cash to or from the bank are instructed to put their personal safety first in the event of any attempt to steal the money.

In the event of losses of cash in transit, the Treasurer must be informed immediately and take the appropriate action.

The times and days of taking cash for banking should be varied and an innocuous plain bag or briefcase must be used for carrying the money.

## **Budgeting Policy and Controls:**

### **Purpose:**

To provide a means of balancing projected expenditure against projected income and ensuring resources are allocated fairly;

To provide a structure for monitoring and controlling expenditure and allow authorised budget-holders the flexibility to manage their respective budgets within the limits laid down by the Board.

To ensure that funds cash flows can be effectively and efficiently managed to ensure that there are always sufficient accessible funds available to meet Groby Sings' financial commitments as they arise.

### **Policy:**

The annual budget will provide budget-holders with the authority to spend within the amounts specified under each budget heading.

The amounts budgeted for the income and expenditure, both within budget categories and overall, of Groby Sings cannot be exceeded, transferred or altered without the authorisation of the Board.

The Finance Manager will provide budget-holders with regular reports on a quarterly basis detailing actual expenditure against budget heading and ensure that budgets are not exceeded.

The Finance Manager will ensure that the Board (via the Treasurer, where appropriate) is informed where any breaches of this policy may occur.

### **Budget-setting Process:**

A budget is a plan translated into money for a defined period of time. The time period is usually the financial year. The budget is prepared after Groby Sings has clarified its aims and objectives and produced a variety of action plans to achieve them. The purposes of a budget are:

- To co-ordinate different activities towards a single plan;
- To set and communicate financial targets;

- ☑ To maximise and allocate resources;
- ☑ To identify financial problems;
- ☑ To establish a system of control by having a plan against which actual results can be compared;
- ☑ To compel planning.

As the budget is a vital element of the procedure for negotiating grants and contracts, it is important that a budget is produced in good time.

The Treasurer will produce a draft budget based on previous income & expenditure patterns and the expected actual income & expenditure for the coming financial year. The draft budget and any explanatory notes will be circulated to the Board for comment.

Any necessary revisions will be made and a final draft budget presented to the Board for approval & adoption no later than the last day in the financial year prior to that to which it applies.

### ***Monitoring and Revision:***

The Finance Manager will monitor income and expenditure and ensure that the Board receives accurate and up to date information regarding any shortfall in projected income or increase in expenditure. Where necessary, the Treasurer will make recommendations on various options for remedial action.

Where such action may affect the level of service or staff then negotiations should be initiated with the relevant parties immediately.

## **Payroll Policy and Procedure:**

Grobby Sings employs no staff directly and therefore does not need a payroll procedure. It is recognised that any change to this state of affairs will require review of this Financial Management Policy to cover as a minimum:

- Payment terms;
- Payment dates, and whether in arrears or not;
- Statutory deductions;
- Issue of P45s;
- Management of personal financial data such as bank account details;
- Authorisation by the Board of final salary payment to a leaving employee;
- Payments for overtime if applicable;
- Entitlements to time including for holiday, sickness and other reasonable causes, whether paid or otherwise;
- Entitlements to pension provisions.

## **Purchasing Policy and Procedures:**

### ***Purpose:***

To ensure that all expenditure is properly authorised and provide a standardised procedure for dealing with expenditure items.

### ***Orders - Goods and Services:***

All contracts for good or services of a long term nature (>1 year) shall be approved by the Board after evaluation of potential long term liabilities.

The value of an order/purchase to be shown along with delivery charges where appropriate and both inclusive of VAT.

Budget-holders may order items within their own budget and up to £150 in value.

For purchases outside of budget or over £150 and up to £500 value the authorisation of the Treasurer is required, unless the specific purpose for which the payment is being made has already been approved by the Board via an approved annual budget.

Items over £500 in value must be authorised by the Board, unless the specific purpose for which the payment is being made has already been approved by the Board via an approved annual budget. For any purchase over £1000 in value, there must be a clear justification for not requiring multiple quotes.

Any discrepancy between the order and delivery notes must be notified to the supplier immediately. In the event that a discrepancy is not rectified by the supplier as soon as is reasonably practical the Treasurer must be informed.

Invoices must be checked against the relevant delivery notes, initialled and dated when received by the budget holder and forwarded to the Finance Manager for payment.

In the event of any shortfall in delivery or the return of goods for any reason, the relevant credit-note must be received from the supplier before payment is made.

### ***Payments by Cheque and Other Instruments (eg: On-Line BACS, Direct Debit):***

Authorised persons who are not Trustees shall be established by resolution of the Board. As at the date of this document the authorised persons are:

- The Groby Sings Finance Manager (non-Trustee) – Ruth Matthews;
- The Groby Sings Management Team’s Secretary (non-Trustee) – Jane Cox;
- The Chair of Trustees.

Where a cheque or any other form of payment is being made to an authorised person that person may not be a signatory on the cheque or other instruction for payment;

All cheques and other instructions to the bank, including instructions made on-line (eg: for BACS payments) must be signed by two authorised persons.

Where this is not practical for small payments, small amounts of up to £100 may be approved by one authorised person, provided that that decision, and the justification for it, are clearly recorded in the minutes of the meeting at which the decision was made (either a meeting of the Management Team or Trustees);

Where a cheque or other instructions to the bank – including instructions made on-line (eg: for BACS payments) – is for an amount exceeding £300 the payment must be authorised by the Board of Trustees unless the purpose for which the payment is being made has already been approved by the Board via an approved annual budget. The authorisation of the payment can be made by written resolution, including by e-mail where appropriate.

### ***On-Line Purchases Using Credit/Debit Cards:***

***This section should be deleted/modified if the charity's bank does provide a debit/credit card:***

It is recognised that the increasing availability of on-line purchasing means that it is very often possible to secure products at very competitive prices.

Groby Sings’ bank facilities do not provide a credit/debit card to allow such purchases to be on-line with direct charging to Groby Sings’ bank account. This means that Groby Sings’ can only take advantage of competitive on-line pricing where budget-holders are willing and able to make such purchases using their own personal credit/debit card and reclaim the expenditure from Groby Sings.

All such on-line purchases must have the prior approval of a Trustee who is not otherwise involved in the purchase, in addition to the budgetary approvals specified earlier.

The procedures for handling delivery notes, credit notes and invoices for purchases charged to a personal credit/debit account shall be the same as those for purchases made directly by Groby Sings. The reimbursement of individuals for purchases made on behalf of Groby Sings will always be by

cheque or BACS transfer authorised/signed by two Authorised persons who are not otherwise involved in the purchase.

## Gift Aid Management

### *Purpose:*

To manage governmental support through correct administration of gift aid in compliance with HMRC rules.

### *Gift Aid Management:*

A gift aid manager shall be appointed by the Board.

Gift aid forms will be made available covering the following types of donations:

- Donations by singers at rehearsals
- “Sponsorship” of songs to help pay for copyright and words booklet publication

Gift aid forms shall include the Groby Sings logo, charity number, surname and initial of donor, post code and house name/number, a declaration that the donor is a UK tax payer, the amount of donation and a statement that the donation is voluntary.

Contributions made at the door for rehearsals shall make clear that contributions are voluntary, non-refundable and not for a fixed amount. Entry to rehearsals shall not be conditional on payment.

Donations made with gift aid forms shall be cross-checked prior to the donations being banked.

Gift aid forms after donations have been checked shall be provided to the Gift Aid manager for capturing of information prior to being passed to the management team for filing securely.

## Reserves Policy

### *Purpose:*

To ensure financial liquidity of Groby Sings given the potential for unexpected events. Holding significant levels of cash or cash equivalents is not supporting the charitable aims of Groby Sings. Any reserves held must be justifiable in accordance with those aims.

### *Reserves Policy*

The minimum normal level of cash to be held throughout the annual reporting cycle shall be calculated as the maximum contractual, in-principle or notional liability to stakeholders during the year. In the case of Groby Sings this is expected to be just prior to a concert when:

- Tickets have been sold (2 concerts during the concert weekend);
- Staging requirements have been contracted
- The concert venue has been booked but there is no opportunity for it to be re-let should Groby Sings not be able to perform

On this basis, the reasonable worst case cash shortfall Groby Sings would face is if the venue was not available at short notice due to fire, flood, facility Health and Safety concerns, staffing shortage or similar. Under these circumstances tickets could be refunded prior to any insurance claim providing compensation.

Therefore the minimum reserve cash level that must be held by Groby Sings is  $2 \times 320 \times £5 = £3,200$ .

If the Finance Manager sees that cash reserves may drop below this reserve level at any time, the Treasurer must be notified, who must make a proposal to the Board of what action is recommended to remedy the situation.

The Treasurer must confirm the cash level held at bank is accurate through bank statements at least once per year.

## The Accounting and Audit Procedure:

### **Purpose:**

To ensure that Groby Sings meets the statutory accounting requirements of the Charities Commission.

To provide accurate and useful data for the Board and staff.

### **Procedure:**

Groby Sings accounts will be managed electronically using appropriate software;

Groby Sings will account on a "Receipts and Payments" accounting method whilst Groby Sings qualifies for this method under Charity Commission rules.

The Treasurer, in conjunction with the Finance Manager, will ensure that all financial records, supporting documentation and reconciliations are accurately maintained, up to date and easily retrievable for analysis and examination purposes;

The Treasurer will prepare timely and accurate year-end accounts in the appropriate format with the required supporting working papers and relevant reconciliations.

The Charity Commission do not require our accounts to be audited or (as long as our annual revenue is less than £25,000) to be checked by an external examiner. However, the accounts may be independently examined at the discretion of the Board as a matter of good practice. The examiner will be approved by the Board. The Treasurer will meet with the examiner as necessary to ensure that any queries are resolved.

The Treasurer will ensure that accounts are filed with the Charity Commission within 10 months of the end of the financial year.

## Change Record

Date of Change:	Changed By:	Comments:
31/10/19	C Ashby	First issue - Policy approved by the Trustees