

# Financial Control and Procedures of

## The Friends of BAYOC

This document has been produced to remind us all about the procedures we should currently be following when dealing with any financial transactions on behalf of The Friends of BAYOC. This in turn will ensure we have the correct internal financial controls and procedures in place to enable us to become a charity. It should be adopted and agreed annually at the AGM of The Friends of BAYOC

The aims of the internal financial controls are:

- To protect all individuals and assets
- To identify and manage risk of conflicts of interest, loss, theft or fraud
- To ensure that financial reporting is robust and of sufficient quality; and
- To ensure that we comply with law particularly relating to finance.

### **Budgets**

One of the most important financial monitoring activities is budgetary control, ie monitoring The Friends of BAYOC financial performance against a budget. Proper estimates of income and expenditure need to be made for each area of The Friends of BAYOC activities for each financial year up to a maximum of 3 years in advance. From this information the overall budget should be agreed by the committee before the start of the financial year to which it relates. (Appendix 1)

### **Reviewing Finances at meetings**

We should have procedures for sharing monthly or periodic reports to review income and expenditure against the budget and use this to determine how we use and commit future funds. The financial information provided for each meeting should include details of The Friends of BAYOC financial position and performance. The financial information should be sent to each committee member before each meeting and would include:

- A comparison of budget to actual figures?
- An explanation of variances between forecasts and what has actually happened?
- Details of closing bank balances
- List of all payments made since last meeting
- Details of current stock holding of shirts & ties by sex & size?

The meeting should set aside specific time within the agenda for discussion of financial matters and allow committee members to raise any issues or concerns.

## Income

The following will ensure we have the correct procedures and controls in place to ensure that all income is accurately handled, recorded and banked as quickly as possible.

When handling income at a public or fundraising activity the following internal controls should be adhered too:

- Cash Floats are signed for upon receipt from the Treasurer via a receipt book
- Where possible two people should be involved in handling and recording the money received and complete a reconciliation sheet. On any occasion that only one person receives and handles cash on behalf of The Friends of BAYOC, the individual should be a known trustworthy supporter, preferably a committee member or director (Appendix 2)
- Floats and income for activities are labelled and accounted for individually
- Cash and cheques are banked as soon as possible without deduction of expenses?
- Individual records are maintained of all membership fees including The BAYOC 100 Club subscriptions collected on an annual basis
- Records are maintained for individual activities in sufficient detail to identify gross receipts or takings and costs incurred
- Review annually at the AGM:
  - Membership fees
  - BAYOC 100 Club Subscriptions
  - Shirt fees

## Expenditure

The following will ensure that we have the correct procedures and controls in place to ensure that only necessary authorised purchases are made and that funds exist within approved budgets to meet the expenditure.

- Set annual authority levels (Appendix 3) for the Chairman and the Treasurer of The Friends of BAYOC and the BAYO Pyramid Head which should be reviewed annually at the AGM
- All orders, payments and expenses on behalf of The Friends of BAYOC must be pre authorised at a committee meeting and recorded in the minutes of that meeting. In exceptional/ emergency situations the Chairman and the Treasurer of The Friends of BAYOC and the BAYO Pyramid Head can place orders and make payments but must adhere to the procedures as determined by the Authority Levels (Appendix 3)
- All invoices received should be made out to **The Friends of BAYOC** and will be checked against the agreed budget – additional spending outside agreed budgets should be authorised following the above procedure.

### **Expenditure cont'd**

- All expenses incurred on behalf of The Friends of BAYOC should be detailed on The Friends of BAYOC Expense Claim Form (**Appendix 4**) and sent to the Chairman for Authorisation, who will then forward to the Treasurer for prompt payment. This should include details of the claim and must include receipts for all expenditure. In exceptional circumstances where no receipt is available full details must be included on The Friends of BAYOC Expenses Claim Form and alternative proof of payment must be provided to confirm amounts. Where possible, to minimise The Friends of BAYOC cash payments, reimbursements should be made by Cheque or BACS transfer.

### **Payments**

Cheques – Although the use of cheques to make payments is diminishing with the use of electronic payments, cheques continue to be used and it remains important that payments are only made for expenditure properly authorised and incurred by The Friends of BAYOC. The following should be adhered to:

- Ensure cheque books are kept in a secure place
- Review bank mandates and authority levels annually
- Prohibition on the signing of blank cheques?
- Prompt recording of payments in cash books including details of cheque number, nature of the payment and the payee
- Obtaining documentation to support the validity of the payment including relevant invoices and confirmation that the goods or services have been received

Cash – payments in cash should be kept to a minimum due to the greater risk that handling cash presents and the difficulties that can arise in establishing correctness and control over cash transactions.

- Cash payments for small amounts only up to a maximum value of £20
- Cash should be paid out of a petty cash float specifically kept for such payments, and not from incoming cash or by way of direct withdrawal from the bank account
- Details of payments should be entered in a petty cash book
- Supporting documentation & completion of The Friends of BAYOC Expenses Claim Form for the cash payment should be authorised as for other payments
- The maximum balance of the petty cash in hand should not exceed £100, and the records & cash should be kept securely at all times

### **Banking Controls and procedures**

- Cheque and cash receipts should be promptly recorded in the accounting records
- Cheques and cash should be banked regularly and promptly
- Cheques and cash not banked on the day of receipt should be placed in a safe or locked cash box
- Funds should normally be banked gross without deduction for costs or expenses

### **Annual Accounts & Independent External Auditing/Scrutiny**

Following the end of the financial year, 31<sup>st</sup> August, the accounts should be balanced and closed off. They should then be independently audited by an appropriate person in time for The Friends of BAYOC Annual General Meeting in October.

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**As agreed on 17<sup>th</sup> October 2012 at the Annual General Meeting of The Friends of BAYOC.**

**Chairman:**


**Treasurer:**

**Secretary:**

## Appendix 1

<b>Budgets</b>						
<b>Income</b>		<b>2012-13</b>		<b>2013-14</b>		<b>2014-15</b>
Raffle?		2100.00		1700.00		2100.00
100 Club		1740.00		2250		3000
Membership		1650.00		1650.00		1650.00
Donations (Concerts etc)		150.00		150.00		150.00
Anvil Concert						
General Expense	0.00		0.00		0.00	
Sale Of CDs (33)	330.00		330.00		330.00	
Sale of programmes	700.00	1030.00	700.00	1030.00	700.00	1030.00
RAH Schools Prom (BAYC)				0.00		
Theatre Trip						
QMC & St Bede's Concert		400.00		400.00		400.00
Summer Fayre		700.00		700.00		700.00
Weekend Trip Grant						
Tour Clothing		300.00		300.00		300.00
Tuck Shop		120.00		124.20		128.55
Uniform Sales		750.00		750.00		750.00
Bank interest		0.00		0.00		0.00
Total Income		6840.00		7354.20		8108.55
<b>Expenditure</b>						
Music Purchase		2000.00		2070.00		2136.24
Equipment Purchase		500.00		500.00		500.00
Ensemble Fees		75.00		75.00		75.00
Tuck Shop Costs		97.59		101.00		104.23
Uniform Costs		450.00		450.00		450.00
Summer Fayre Costs		300.00		300.00		300.00
Anvil Costs (printing & CD)		1128.49		1167.99		1205.36
European Tour		1500.00		1500.00		2500.00
Tour Clothing		300.00		300.00		300.00
Alencon Trip						
Weekend Trip		1000.00		1000.00		1000.00
Instruments Repairs		176.00		182.16		187.99
Instrument Purchases		1000.00		1000.00		1000.00
Ensembles Gen Expenses		240.00		247.68		255.61
Friends General Expenses		150.00		154.80		159.75
Other		0.00		0.00		0.00
Total expenditure		8917.08		9048.63		10174.19
<b>Excess income over expenditure</b>		-2077.08		-1694.43		-2065.64

## Appendix 2

<div>  <div> <div>The Friends of</div> <div>Basingstoke Area</div> <div>youth</div> <div>Orchestras</div> <div>and Choirs</div> </div> </div>										
Event/Activities Cash Reconciliation Sheet										
Activity or event					Date					
Denomination		Total								
£50										
£20										
£10										
£5										
£2										
£1										
50p										
20p										
10p										
5p										
2p										
1p										
Total Cash										
Less Float										
Total Cash										
Person 1		Name					Date:			
		Signature								
Person 2		Name					Date:			
		Signature								
Received by:		Name					Date:			
		Signature								

### **Appendix 3**

## **Authority Levels**

Pre authorisation is required for all types of expenditure and should be agreed by the full committee of The Friends of BAYOC.

In exceptional circumstances where we could not reasonably have anticipated or foreseen expenditure the following are able to be approved without authorisation but full authorisation must then be retrospectively obtained and recorded in the minutes at the next committee meeting.

### **Individual Committee Expenses**

Chairman & Treasurer	Up to £100
Chairman & Treasurer + The Friends Committee via email	> £100

### **Orders for Goods or Services**

Chairman, Treasurer & BAYO Pyramid Head	Up to £500
Chairman, Treasurer & BAYO Pyramid Head + The Friends Committee via email	> £500

### **Payments for Goods or Services**

Chairman, Treasurer & BAYO Pyramid Head	Up to £500
Chairman, Treasurer & BAYO Pyramid Head + The Friends Committee via email	> £500

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**As agreed on 17<sup>th</sup> October 2012 at the Annual General Meeting of The Friends of BAYOC.**

**Chairman:**

**Treasurer:**

**Secretary:**

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