



Regional Finance Manual

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Section 1: Finance & Accounts

1.1 Financial Records

Regional committees are legally required to keep books of accounts as are necessary to demonstrate and explain the transactions and financial position of the region.

A region's funds are accountable to:

- The BACCN Financial Director
- The Charity
- Your regional membership; you have a responsibility to present your accounts at the regional AGM

1.2 Auditing

Each regions account will be audited on a three yearly basis. Full accounts will be required for the previous three years. Each year five regions will be asked to submit their accounts for auditing by the national BACCN appointed auditors: Ryecroft Glenton. Audit Cost will be met from the BACCN National Account.

1.3 Financial Year

The BACCN financial year starts on 1st January of every year. The financial year ends on 31st December.

1.4 Statement of Accounts

In order to comply with the Charity Commission, all regions must supply BACCN Administration with a statement of accounts for the end of each financial year end. All that is required is a statement of how much money is in the regional account at December 31st. All regional statements of account must reach BACCN Administration as soon as possible after the 31st December but no later than the 31st January. The Regional Statement of Accounts form can be found in the Members Area of BACCN's website.

Full details on the obligations and requirements of a regional treasurer can be found in the Regional Treasurers Information Pack in the next section.

Section 2: Regional Treasurer's Information Pack

This BACCN regional treasurer's pack has been put together to assist regional treasurers in fulfilling their role in an accountable, representable and legally required manner.

2.1 Accountability

As a regional treasurer you are accountable to:

- The BACCN Finance Director
- The charity (registration number 1102030)
- Your regional membership; you have a responsibility to present your accounts at the regional AGM.

If your region encounters financial difficulties it is vitally important you get in touch with the Finance Director as soon as possible.

2.2 'Best Practice' guidelines

The following 'best practice' guidelines have been compiled to assist regional treasurers, and to aid in achieving consistency in the way accounts are kept and presented.

- All accounts must be legible.
- Every expense should have a receipt.
- There must be two signatures on every cheque.
- Accounts must be presented at regional AGM and made accessible to members.
- All regional accounts are audited once every three years and checked by BACCN's national accountants.
- Funds must be used properly in line with the decisions reached by the regional committee.
- An 'end of year' statement MUST be submitted to BACCN Administration before 31st January each year.
- An inventory of regional assets should be kept, e.g. computers etc. (see appendix).
- Any equipment owned by BACCN is NOT covered by personal home insurance. Therefore it is advisable to use BACCN funds to purchase separate insurance cover for valuable items e.g. computers.
- It is the responsibility of the treasurer to authorise payment for break-down, repair, replacement or other situations involving cost.
- Any decisions made to dispose of BACCN equipment should be minuted at a regional committee meeting.

2.3 Charity commission responsibilities

Trustees

Charity trustees are the people who under the charity's governing document are responsible for "the general control and management of the administration of a charity" (section 97 of the Charities Act 1993). You would therefore, be a trustee if you are:

- the trustee of a charitable trust or of a charity founded by someone's will; or
- the director of a charitable company; or
- a member of the management of executive committee of a charitable association.

Therefore treasurers and all BACCN regional committee members are trustees. Under no circumstances may trustees be remunerated for BACCN work.

Accounting requirements

Trustees have duties with regard to charity accounts:

- Trustees are under a duty to ensure that the charity keeps proper books and records, that annual reports and accounts are prepared, and that these conform to the requirements of Part VI of the Charities Act 1993, from 1 March 1996.
- Trustees must ensure that the accounts comply with any audit requirement in the charity's governing document. They must also ensure compliance with any audit or examination requirements in Part VI of the Charities Act 1993.
- Trustees should also formally approve the charity's annual report and accounts.
- All trustees should be provided with copies of the charity's report and accounts each year. New trustees should be given a copy of the latest accounts on appointment, together with other essential documents such as the governing document, and information about the charity's history.

Trustees' liabilities

Nothing can guarantee that a charity will be totally protected against abuse. Trustees often express concern about the extent of their personal liability in the event of any loss to the charity through misappropriation or misapplication of its funds. Having sufficiently rigorous controls provides not only protection for the charity property but also the best defence against a charge of failing to protect the charity's funds and thereby being in breach of trust. If funds are lost through trustees neglecting their duty of care they could be held personally liable to repay to the charity the funds lost. However, if reasonable controls are in place, then trustees should not find themselves in the position of having to make good any such loss.

Banking and custody procedures

Care should always be taken to ensure that, once funds are received into the control of the charity, their continued security is maintained. Following the guidelines listed below will provide a basic level of protection for the charity's funds, but additional controls may be necessary depending on the individual circumstances of the charity.

- Incoming monies are banked regularly and as soon as possible – at least weekly. Frequency of banking will depend on the amount of cash received. Keeping cash in a locked cash box is really only suitable for small amounts of money, say less than £100.
- Cash or cheques should be placed in a safe or locked cash box if they cannot be banked on the day of receipt.
- All incoming money is banked gross- no amounts should be held back for "feeding" petty cash. Without banking incoming money intact it is impossible to trace particular receipts into the charity.
- Charities have a written statement of policy and practice covering banking and custody procedures, which is available to all trustees.
- Trustees should also consider the safety of getting money to the bank.
- Controls are also maintained over receipt books issued by the charity both in terms of accounting for all receipts issued, and for stocks of receipt books.

It is important that the money of the charity is kept quite separate from any individual's personal money. For example, charity treasurers should not use their own bank accounts for the charity's finances.

Checks of income records

It is important that trustees make regular checks to ensure that records are being accurately maintained (so that money and other assets received can be traced through the accounting system), and that there are no discrepancies in the accounting records. This is an elementary control, which is often ignored. If performed regularly, it will serve as an early warning of any-thing going wrong. In larger charities some of these checks will be delegated to employees but the trustees still have the responsibility of ensuring that the checks are being carried out. Frequent checks should be made to ensure (as a minimum) that:

- Records of cash and cheques received agree with bank paying-in slips.
- The paying-in slips equate with the bank statements, both in terms of amount banked and date of credit.
- All transfers or other direct payments into the bank can be identified and verified against paperwork.

Periodically, these checks are to be made by someone other than the person concerned with the original recording of the transactions.

Care should be taken to identify and administer separately any funds received where the donor has placed restrictions upon their use and to ensure that they are only used in accordance with these restrictions.

Records should be checked to ensure that there has been no unauthorized credit extended (e.g. through an over-draft facility) and that the finances of the charity are not placed under any strain by credit which has been approved.

Controls over expenditure

It is important for trustees to bear in mind that they are responsible for all expenditure of charitable funds and have to account for how the charity's funds have been applied. The basic rules of proper record-keeping, segregation of duties, and safekeeping of valuables are all vital. In larger charities, some of the duties will be delegated to employees, but the ultimate responsibility for ensuring that the duties are carried out still rests with the trustees.

Decisions made regarding large purchases should be noted in the regional committee minutes.

When making payments, the following rules should be followed:

- All expenditure and investment of charitable funds be properly authorised and it is essential that there is supporting documentation (e.g. itemised receipt or invoice) for all items of expenditure.
- Instruments of payment (such as cheque book, building society passbook and bank mandate forms) should be kept in safe custody, with access limited to nominated persons.
- The preparation of documentation for authorisation is undertaken by someone other than the persons authorising the payment.

Trustees have a responsibility to ensure that adequate checks are made to both confirm that purchases have been properly authorised, and that goods or services ordered have actually been received. The following controls should be in place.

- Invoices received should be checked against orders made.
- Records kept of orders placed but not yet received.
- The quality and quantity of goods supplied should be inspected in order to ensure they correspond with orders placed and those invoiced for. Services supplied should be similarly checked.
- Payments are only made against original invoices.

Payment by cheque

Although payment by cheque is generally considered a safe method of payment, there are still basic controls that BACCN recommend are exercised in order to prevent any misuse of charity funds. If any particular control is delegated, the trustees still have the duty of ensuring that all checks are carried out.

- Trustees must abide by any relevant clause in their governing document which specifies who are the people authorised to sign cheques.

BACCN require that the bank mandate specify at least two signatories.

- It is always advisable to have a “pool” of people authorised to sign cheques, which is greater in number than the minimum number of signatures required on the mandate. This can prevent a situation arising where insufficient signatories are available, e.g. during popular holiday periods.
- Close control is exercised over access to the cheque books.
- It is preferable to avoid a situation where related trustees are able to sign cheques together.
- It is a dangerous breach of financial control over expenditure from charity funds if blank cheques are signed in advance. The practice of signing blank cheques would be regarded as neglecting the duty of care owed by trustees.
- Every effort is made to maximize the use of payment by cheque and to reduce the need for cash payments to an absolute minimum.
- All cheque expenditures be recorded in the cashbook and cross-referenced to the cheque number, with the nature of the payment and the payee clearly identified.
- All cheque book stubs (or equivalent) be completed at the time of payment, and retained (they form part of the charity’s accounting records).
- Regular spot checks are made of the expenditure records against primary documents such as invoices. No cheques are signed without a corresponding invoice, or other documentary evidence as to the nature of the payment.
- Expenditure is regularly summarised for inspection by the trustees i.e. at regional committee meetings.

Payment by cash

Dealing in cash represents an extra degree of risk, so a greater degree of care must be exercised. BACCN recommend that:

- All cash payments be made from a cash float of a fixed amount which is regularly replenished from the bank or building society account and not by the retention of incoming money.
- All claims for replenishment of the cash float should be backed up by supporting documentation and signed by the treasurer and claimant.
- Regular checks of the petty cash float are made. This involves counting the balance of cash in hand and reconciling the float by totalling the vouchers for amounts paid out.

Checks on expenditure records

As with controls over incoming funds it is essential to check regularly that records of funds applied are being accurately maintained. Similarly BACCN recommend that regular checks are made by the treasurer to verify that:

- Records of payments made agree with cheque stubs, paid invoices or other authorisations and are in accordance with budgets.
- Cheques have been presented for payment by the bank or building society as shown by the statement.

2.4 Guidelines for consistency of keeping the accounts

Headings for account keeping

The following categories are to be included in the accounts:

Income

- Delegate fees *
- Sponsorship fees
- Membership payments
- Bank interest
- Stationery (ordered through the Regional Order Form)
- Raffle income
- Miscellaneous

* delegate fees for study days should be decided locally, but in general members' rates should be half that of non-members

Expenditure

- Stationery
- Office sundries
- Postage
- Travel expenses
- Speaker fees * / Travel expenses
- Study day venue hire
- Catering
- Sponsorship for members (e.g. conferences etc.)
- Committee expenses

- Equipment Purchases
- Miscellaneous

*Speaker fee levels should be decided locally

2.5 Regulations/guidelines for auditing of accounts

All regional treasurers are required to ensure their accounts are up to date and that receipts are kept for all transactions.

Each region's accounts will be audited on a three-yearly basis. Full accounts will be required for the previous three years. Each year, five regions will be asked to submit their accounts for auditing by the national BACCN appointed auditors: Ryecroft Glenton, Chartered Accountants. Audit cost will be met from the BACCN national account.

Upon request from Ryecroft Glenton to submit the region's accounts, please ensure that all records are sent for the previous three years i.e. accounts ledger, bank statements, receipts, cheque book stubs, paying-in stubs, inventory of assets.

Please send the accounts to Ryecroft Glenton by registered mail. To obtain a full refund of the amount paid for postage, please send the postage receipt to the Finance Director accompanied by a claim form. The amount will be refunded from the national account.

Regional accounts should be made publicly available for members to scrutinise at each region's annual general meeting.

Regional accounts must be kept for six years, after which they can be disposed of.

2.6 Financial year

The financial year starts on January 1st of every year. The financial year ends on December 31st of every year.

In order to comply with the Charity Commission, all regions must supply BACCN Administration with a statement of accounts for the end of each financial year end. All that is required is a statement of how much money is in the regional account at December 31st. All regional statements of account must reach BACCN Administration as soon as possible after the 31st December but no later than the 31st January. The Regional Statement of Accounts form can be found in the Members Area of BACCN's website.

2.7 AGM presentation

The account ledger and balance sheet should be available for scrutinizing by the members at the regional AGM.

2.8 Actions when disbanding a Region

The following steps need to be completed if your region is disbanded:

- close all bank accounts
- finalise accounts
- transfer any remaining funds to the national BACCN account
- send all financial records (for 6 full years) to the Finance Director

2.9 Change of treasurer

If the treasurer for a region steps down, the name and address of the new treasurer must be forwarded to both the Finance Director and the BACCN membership administrator.

2.10 Inventory of regional assets

All treasurers must be able to identify their region's assets (e.g. computers etc.) for accountancy purposes. All treasurers are to maintain an up to-date list and are required to forward a copy of this list to the national accountants when they are audited every 3 years.

2.11 Travel expenses

Details of travel expenses can be found in the Members area of the BACCN website.

2.12 Contact details

Finance Director: Mary Parfitt
e-mail: maryp007@googlemail.com

BACCN Administration
tel: 0844 800 8843
e-mail: baccn@baccn.org

National Accountants: Ryecroft Glenton
Detlev Anderson
tel: 0191 281 1292
e-mail: detlevanderson@ryecroft-glenton.co.uk

***Further reading recommended:
'A guide to the charities act' and the 'BACCN Constitution'.***

Section 3: Bookkeeping Procedures

3.1 Processing Receipts

Receipts should be accounted for when they are paid in to the bank.

General Receipts

The details of the deposit should be entered into the Electronic Cashbook.

The supporting documentation should be filed in a "Receipts" file. A reference number should be entered for each item in the cashbook (NB the cashbook will display the number "1" as "R0001"). This reference should be written in the top right-hand corner of the document.

When paying in more than one receipt on a paying in slip please enter the total in the "Amount" column and list the individual items on the right hand half of the Cashbook. Please note that the "Receipt Date" will need to be entered for each individual item, even where there are several items paid in on the same paying-in slip.

3.2 Processing Payments (Purchases)

Payments should be accounted for at the time they are made. In the case of a cheque this will not be the date that it appears on the bank statement but the date the cheque is written.

Purchase Invoices

We suggest using a system of two files for keeping invoices in. One will be for invoices waiting to be paid, and the other for invoices which have been paid.

When an invoice has been paid, the details of the payment and invoice should be entered onto the electronic cashbook.

A reference number should be entered for each item in the cashbook (NB the cashbook will display the number "1" as "P0001"). This reference should be written in the top right-hand corner of the invoice.

Reference numbers should run consecutively on the cashbook, and the invoices filed according to their reference number in the "Paid" folder.

Purchase Credit Notes

Where a credit note is being deducted from an invoice, and the difference being paid to the supplier, the payment should be entered onto the cashbook as a single item.

The invoice and the credit note should be given different (consecutive) reference numbers and entered as two separate invoices against the payment (on consecutive lines of the cashbook). The amounts entered in

the "Invoice Net", "Invoice VAT" and "Invoice Gross" boxes relating to the credit note should be entered as negative numbers.

If a credit note is received after the invoice to which it relates has been paid, it should be held in the "To Be Paid" file until a future invoice is received against which to set it. When this future invoice is settled, it (together with the credit note) should be accounted for as detailed above.

If a credit note is received after the invoice to which it relates has been paid, and it is accompanied by a repayment, this should be accounted for as a "negative payment" and not a receipt.

The credit note should then be filed on the "Payments Made" folder, in order to keep all documents relating to purchases in the same place.

3.3 Agreeing the Balance to the Bank Statements

The Electronic Cashbook contains sheets which summarise the transactions on the different bank accounts. These sheets will allow the user to check that they have not missed recording any transactions by agreeing the balance per these sheets to the balance per the bank statements.

It is suggested that when bank statements are received the user go through each item on these and record the date against the item on the Cashbook. This will allow the user to identify any payments or receipts not recorded in the cashbook.

These unrecorded items will usually consist of transfers, interest, direct debits and standing orders. The processes behind posting these transactions will be slightly different to those detailed previously.

Direct Debits / Standing Orders

Direct debits and standing orders should be supported by an annual or monthly invoice. These invoices should support the amounts taken from the bank, and can therefore be referenced and filed the same as any other invoice. For an annual invoice paid by monthly instalments the original invoice could be copied and this copy referenced and filed each month.

Bank Interest and Charges

Interest paid and received should be entered in either the "Bank Payments" or "Bank Receipts" cashbooks respectively.

Bank charges will be dealt with in a similar way to interest except the detail you give in the "Supplier" column will need to describe the reason for the charge.

Section 4: Standard Operating Procedure for Regional Accounts Governance & Payment of Regional Funding

1. At the beginning of December each year, Regional Treasurers and Chairs will be sent a letter from the accountant (Ryecroft Glenton) advising that their annual account summary and end of year bank statement should be sent to the Finance Officer at Benchmark by 31 January of the following year. Treasurers should contact their bank and request an end of year bank statement.
2. Once a region has returned their end of year summary and bank statement, regional funding (£1/member according to the December figures) will be transferred from the national account into their regional account by internet banking. This money will be transferred within four weeks of receiving the documents from the region.
3. If the account information has not been received within ten working days from 31 January, an email will be sent by BACCN Administration to the Treasurer reminding her/him to forward the requested accounts information. The email will be copied to the Regional Chair.
4. In a case of non-response by the end of February, contact with the Treasurer and/or Chair will be pursued by the Membership Administrator or Regional Advisor to determine the reason for non-compliance and to provide advice and support. In a case of extenuating circumstances return of the accounts information will be re-negotiated and regional funding will be paid when the information is returned.
5. If contact cannot be made, or the information is not received by the March Board meeting, a formal registered letter from the BACCN Chair will be issued to the Regional Chair and Treasurer requesting immediate action to comply with Charity Governance. This will be agreed at the March Board meeting.
6. Continuing non-compliance will be formally discussed at a National Board Meeting and may result in dismissal from the association.

Drawn up by:
Dr Bronagh Blackwood,
Finance Director
26 June 2009

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