



Finance Policy

Internal Financial Controls

1. These are the methods, policies or procedures adopted in the club to:
 - Ensure financial information is accurate and reliable
 - Ensure compliance with all financial and operational requirements
 - Prevent and detect fraudulent behaviour
 - Generally assist in achieving the club's objectives

Role of the Treasurer

2. The Treasurer has responsibility for safekeeping of the funds of the club. He/she is responsible for recording all income and expenditure and for reporting the club's finances to the club committee. The Treasurer must not commit the club to any expenditure for which prior approval has not been given and should also be in a position to give ample warning to the club before the club falls into unplanned debt.
3. The overall role of the treasurer is to:
 - Ensure all financial matters within the club are managed correctly and efficiently.
 - Ensure proper books of accounts, with appropriate controls and procedures are in place.
 - Preparation of annual accounts.
 - Preparation of the financial forecast and comparison to actuals.

Forecasting

4. A 12-month income and expenditure forecast will be prepared by the Treasurer for review by the club committee, before the start of the financial year under consideration. The forecast will be reviewed on a quarterly basis and compared to actual results, with explanations noted for the differences. The forecast will then be adjusted for the next quarter taking the previous quarter's results into consideration.

Books of account and records

5. The financial year of the club will run from 1st January and end on the 31st December each year.
6. The accounting is tracked via Xero (or a similar software), and the paper records files are kept at the Treasurer's home in a secure location. Income and expenditure information will be recorded in on a monthly basis.

7. Bank accounts are reconciled monthly. Electronic records, such as purchase invoices received via email, will be added to the accounting software or stored in the Google Drive. All hard copy records, such as petty cash vouchers, cheque stubs etc. will be retained for accountability purposes and for statutory purposes thereafter i.e. independent examination.
8. All fixed assets costing more than £1,000 (or such other level as may from time to time be agreed by the committee) will be capitalised in the accounts and recorded in a fixed assets register. This register will record details of date of purchase, supplier, cost, serial no. where applicable, description and in due course details of disposal. An estimate of useful economic life should also be made and the asset then depreciated accordingly.
9. All club monies will be banked in an account held in the name of the Club. All members of the Club shall be jointly and severally responsible for the financial liabilities of the Club.

Bank accounts

10. The authorised signatories on the bank mandate are the Chair, Treasurer, Club Secretary and Membership Secretary. Three signatures are required for all actions as per the bank mandate. If two or more Main Officers are related or cohabiting, only one of those Officers will be eligible to approve financial transactions. Any three users can set up and authorise payments on the online banking system or by cheques. Every payment set up has to be authorised by all three users. A bank reconciliation is required on a monthly basis for each account. This will ensure all transactions are captured in the accounting software, and any unknown transactions are queried as soon as possible.

Banking and custody procedures

11. Incoming receipts are banked on a monthly basis and recorded in the accounting system. Cash or cheques must be placed in the safe & secure storage.
12. All incoming money will be banked in its entirety – no amounts are held back for "feeding" petty cash. All Club monies should be held separately from any other monies. For example the club Treasurer must not use his own bank accounts for the organisation's finances. Where possible, two people should pay in money to the bank for safety, particularly if sums of cash over £500 are involved. No counting of cash or preparation of paying in slips are to be carried out independently – at least two persons must be present.

Handling of cash

Petty cash float

13. Specific extra cash floats (for events etc.) should be arranged with the Treasurer. The person signing for the float is responsible for ensuring cash and receipts are returned as soon as possible after the event etc. No further floats may be issued to that person, or another person in the same event for a similar purpose, unless the previous float has been accounted for.

14. Mixing money or receipts from different petty cash sources creates large accounting problems. In a real emergency, where another cash float has to be used for something, a clear record must be kept, and brought to the Treasurer's attention.

Depositing cash promptly

15. Cash receipts are deposited at least weekly.
16. All funds received are deposited. Do not make refunds, pay expenditure, or create a change fund from cash receipts. Do not hold cheques for future processing. Do not use cash receipts to cash cheques.

Reconciliations

17. Monthly checks are made to ensure:
 - Records of cash and cheques received agree with bank paying-in slips or counter foils.
 - Counter foils or paying-in slips agree with the bank statements, both in terms of amount banked and date of credit. Any unidentified differences will be documented and investigated.

Income

18. Club income is categorised into the following main sources: member subscriptions, merchandise sales, and race events entries. Incoming cash, bank transfers, merchant payments, and cheques should be recorded and should be promptly paid in according to the banking procedures outlined above.

Purchase Ledger

19. A Purchase Ledger is to be operated by the treasurer. All incoming invoices are to be passed to the Treasurer as soon as they arrive. Invoices will be recorded on to the Purchase Ledger within regularly. Invoices should be paid when due however cashflow should be considered.

Financial monitoring

Race Committee

20. Race Directors should prepare budgets with income and expenditure forecast for each event for Club Committee review. The race budget shall be reviewed and approved by the Club Committee. The Club Committee shall receive an updated forecast for each committee meeting leading up to the event. Please see section **Approvals & Tenders** regarding race committee expenditures.

Club events

21. The club may from time to time run various events and it is essential that proper records are maintained. Individual records should be maintained for each event, in sufficient detail to identify gross receipts and how they have arisen, and all costs incurred. A report given to the committee on how the event performed in financial terms (including outcomes verses forecast)

Approvals & Tenders

22. Committee members must be aware that expenditure is committed when an order is placed on behalf of the club not when the payment is requested. It is important that orders are approved and tendered according to the following table:

Estimated Value £	Approvals Required	Tender Action Required
£0 to £100	One from Treasurer, Chair, Club Secretary, Membership Secretary or Race Director (for their race)	No quote required
£100 to £1,000	Three from Treasurer, Chair, Club Secretary and Membership Secretary	No quote required
£1,001 to £3,000	Three from Treasurer, Chair, Club Secretary and Membership Secretary	Two written quotations
£3,001 to £10,000	Full Committee	Three written quotations
£10,000 and above	Full Committee	Three written quotations

23. Any lease, hire purchase agreement or other contract involving expenditure will be subject to the same authorisation procedure as above, with the appropriate expenditure amount being the total committed expenditure over the period of the contract, or where the contract is open-ended, over the first 12 months of the contract. Larger contracts should not be entered into without adequate advice from a relevant professional adviser (e.g. accountant, solicitor, surveyor).

Financial Reserves

24. The Club should hold financial reserves to protect against the ability to continue operating despite a significant delay in income streams. The Club may require funds to restructure, finance future growth, development, and/or to cover key unforeseen events or loss of equipment.

25. The definition of financial reserve for this purpose is the amount of unrestricted reserves not invested in fixed assets. The Club believes that an appropriate level of reserve should cover the (unlikely) eventualities both a last minute cancellation of the Bourton 10K race and the loss of the Club's storage container and equipment held within. An estimated total value of £17,900.

26. An annual review of reserves will be carried out in order to compare current reserves held with current policy level, ensure the reserves level requirement continues to be appropriate after consideration of all financial risks and current/future plans, and ensure current budgets and future financial plans remain consistent with the reserves policy.

Financial Risk Mitigation

ASSET/INCOME	EXPENDITURE RISK	FINANCIAL CONTROLS WHICH COULD MITIGATE THE RISK
Asset: Cash in hand	Unbanked cash could be lost or stolen	<ul style="list-style-type: none"> • Use a cash box to collect income on event nights and record all income received in a cash analysis book. • Store cash in a safe and bank it regularly.
Asset: Cash in bank	Unauthorised payments could be made from the bank account	<ul style="list-style-type: none"> • The bank account requires two independent signatories for payments. • Payments above a certain limit (e.g. £5,000) require three signatories
Income: Member subs	Member subs could be collected and forgotten about, then lost or stolen	<ul style="list-style-type: none"> • Give one person responsibility for creating a list of members and when their subs are due. Give a different person responsibility for collecting them. • Set up a forecast to estimate how much income is expected from subs for the year and monitor it for differences.
Expenditure: Equipment	Purchases for equipment are made which are not required or in line with the club's plans	<ul style="list-style-type: none"> • Set up a forecast to estimate how much expenditure is expected for equipment for the year and monitor it for differences. • For bank payments, one person sets up payments on the online bank account, a second person checks details such as the following before authorising: Payments match invoices and payments are in line with what has been agreed in the forecast.
Expenditure: Staff or volunteer expenses	Staff and volunteers are not consistent in what they reclaim from the club for expenses they have paid personally	<ul style="list-style-type: none"> • Decide what types of expense staff and volunteers can reclaim, how they can reclaim and what backup is required, and formalise the rules in a written policy. Communicate the policy to staff and volunteers. • The people who pay and authorise the payments check that reclaims are in line with the policy.