



Belfast Music Society

FINANCIAL PROCEDURES

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Purpose of this document

The purpose of this document is to define the financial procedures used by Belfast Music Society (BMS) and how they relate to the organisation (these can sometimes referred to as Financial Standing Orders).

Amendments/updates to the procedures must be agreed by the Board of Trustees (the Board).

1. Ordering supplies and services

It is important that all orders are placed properly, are within agreed cash limits and spending plans and provide best value for money.

Orders for goods or services must only be made by the Chairman or the Treasurer and be within approved spending plans of the Board. Orders will only be made after a written quotation is provided by the supplier. For goods/services:

- valued less than £1,000, one quotation is required
- valued at or more than £1,000, but less than £2,000, two quotes are required
- valued at more than £2,000, three quotes are required.

By their nature, quotations are not required when the supplier is a single unique provider of a good/service.

Each order will be properly recorded as a commitment by the Treasurer.

Any lease, hire purchase agreement or other contract involving expenditure will be subject to approval by the Board.

Larger contracts should not be entered into without adequate advice from a relevant professional adviser (e.g. solicitor, surveyor).

While claims for small items of expenditure may be made via petty cash (see section 4), adequate supporting documentation, preferably receipts, must be obtained. Large items requiring cash payment must be checked with the Treasurer before the arrangement is confirmed.

2. Payment Authorisation and Purchase Ledger

All invoices for services provided must be authorised for payment ensuring accuracy of figures and conformity with the order placed, that the services or goods have been received, and any problems have been followed up.

A Purchase Ledger is operated by the Treasurer. All incoming invoices are to be duly authorized and passed to the Treasurer as soon as possible. Invoices will be recorded on to the Purchase Ledger and suppliers and will be paid within the appropriate timescale

3. Cheque writing and signing

Cheque signatories will be the Chairman and Treasurer and any new signatory must be approved by the Trustees before the bank is notified.

All cheques for £100 or over require two signatories. Cheque signatories should check that the expenditure has been approved before issuing a cheque.

Signatories will not sign cheques which are payable to themselves, or blank cheques. Cheques should be filled in completely (with payee, amount in words and figures, and date) before cheques are signed.

The day-to-day limit on encashment of cheques will be agreed by the Treasurer subject to appropriate business needs i.e. a larger cash float may be required for a major event, for example.

4. Handling of cash

Petty cash will be topped up on the 'imprest' system, where the amount spent is reimbursed. It is intended for small items, up to £20. Anything over this should be paid by cheque where possible. The imprest has a balance limit of £250. The petty cash balance will be reconciled when restoring the imprest balance, or monthly if this is more frequent.

Specific extra cash floats (for tills at 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.

Any cash income will be banked by the Treasurer at the earliest opportunity. Income should not be used to pay bills or for petty cash.

5. Salaries, payroll and freelancers

Where BMS may employ staff, it is required to operate the PAYE system, and make annual returns to the Inland Revenue. All people working directly for BMS, whether permanent or temporary, must provide a P45, or sign a P46 or student exemption certificate, or give reasons why they can't.

All payments will be made by cheque or direct bank credit.

It is the nature of BMS's activities that freelance consultants may be used. Freelance contractors will only be taken on when authorised in accordance with section 1 above and will be treated as self-employed, and contracts with such people must clearly indicate this.

6. Income

Where circumstances mean that income should be invoiced, all invoices should be raised on official BMS letterhead. In particular VAT invoices need to meet HM Customs and Excise requirements, and must include the VAT registration number, VAT rate and VAT amount. All invoices will be sequentially numbered, with each area of activity having its own prefix reference, agreed with Finance. Any accidental deviations from such sequences must be notified to Finance.

Letters confirming grant or sponsorship income must be passed to the Treasurer who will ensure the conditions of the income are met.

7. Bank accounts

BMS's bankers are the Northern Bank, Forestside Shopping Centre, Upper Galwally, Belfast BT8 6FX.

8. Accounting records

Proper accounting records will be kept. The accounts system is based around computer facilities, using Excel, but manual/paper records will also be used.

At a minimum, the following records will be kept:

- appropriate control accounts (i.e. bank control, petty cash control, VAT control).
- trial balances.

Petty cash and bank accounts will be reconciled at least monthly.

Purchase Ledger, other cheque payments and banking sheets will be filed in the appropriate reference order, with any supporting documentation. All petty cash vouchers, cheque stubs etc. will be retained for audit and for statutory purposes thereafter.

All fixed assets costing more than £1,000 (or such other level as may from time to time be agreed by the Board) 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.

9. Budget setting

An annual budget will be prepared in time for final approval by the Board of Trustees in July i.e. the start of the financial year under consideration.

The approved budget will be used as a base to construct a cash-flow forecast for the year, which will be updated quarterly.

10. Financial monitoring and audit

The Board will receive appropriate, regular reports of income and expenditure against budget. Cash-flow reports will be produced as appropriate.

BMS's financial year is from 1st July to 30 June. Annual accounts will be submitted for audit, as required under the Companies Act, charity regulations and grant conditions, prepared per SORP for Charities and any other relevant accounting conventions. Final draft should be ready for and passed by Board of Trustees in August with audited accounts signed at the September meeting.

11. Role of Treasurer

The Treasurer's specific responsibilities are to:

- Guide and advise the Board in the approval of budgets, accounts and financial statements, within a relevant policy framework.
- Keep the Board informed about its financial duties and responsibilities.
- Advise the Board on the financial implications of BMS's strategic plans and key assumptions.
- Confirm that the financial resources of BMS meet present and future needs.
- Understand the accounting procedures and key internal controls, so as to be able assure the Board of BMS's financial integrity.
- Ensure that the accounts are properly audited, that accepted recommendations of the auditors are implemented, and meet the auditor at least once a year.
- Formally present the accounts, drawing attention to important points.
- Monitor BMS's investment activity and ensure its consistency with policies, aims, objectives and legal responsibilities.

12. Role of Board of Trustees

The Board is responsible for:

- approving the budget for the year.
- approving signatories to the bank accounts.
- approving exceptional items of expenditure.
- monitoring the financial position based on monthly reports, with advice from the Treasurer.
- approving the annual accounts, auditors report and appointment.