

BCS, The Chartered Institute for IT

Community Groups Financial Guidelines

Responsible Body	Finance
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1. Purpose and Scope

1.1 The purpose of the Community Group Financial Guidelines is to set out the financial policy and procedures governing the operations of all BCS Community Groups. Community Groups include Branches, Specialist Groups and any other voluntary grouping of members involved in financial activities.

1.2 The criteria governing such rules and procedures needs to reflect the legal requirements and responsibilities of Trustee Board which they are required to exercise as part of their role as Trustees of the Institute.

1.3 The financial operations of Community Groups are undertaken and monitored by individual Group Treasurers, Community Groups Section at BCS Swindon and the Community Board Finance Committee (CBFC). CBFC reports directly to Community Board (CB) which reports directly to the Trustee Board.

2. General Financial Framework for a Community Group

2.1 Community Groups are part of the Institute and any funds they generate or hold, and commitments they make, are part of the assets and liabilities of BCS. Accordingly, there is an obligation on each Community Group to monitor income and expenditure against their agreed budget, to make regular returns, and generally to behave in a thoroughly responsible manner.

2.2 The responsibility of Trustee Board is to ensure that it exercises appropriate management and approval over the activities of Community Groups in line with their duties as Trustees. In practice, this means that Trustee Board are required to approve the overall operating budgets of Community Groups in a similar manner to all other activities of the Institute. The detailed approval processes are delegated by Trustee Board to CB, who in turn has delegated this to CBFC, supported by the Swindon Community Groups Team (CGT) and the Finance team in Swindon.

2.3 It is worth noting that for legal, corporation tax, VAT, external audit and Charity Commission purposes the Trustees responsibilities and current status of tax treatments relies on all Institute activities falling within the charitable objectives and governance of the Institute.

3. “Risk” Commitments

3.1 One important obligation on a Community Group is that it must not expose the Institute to financial risk. A Community Group must not commit itself to expenditure unless specific budget approval has been obtained prior to any financial commitment.

3.2 Community Groups are requested to report any budget or business plan variance to the CGT as soon as they are recognised to enable CBFC to monitor the overall financial position of all Community Groups.

4. Financial Year and Basis of Accounting

4.1 Community Group accounts match the BCS financial year 1st September to 31st August.

4.2 BCS uses the Accruals Method to produce its annual accounts, that is income and expenses are matched to the year in which they are incurred, or the event takes place rather than when cash is received or paid out.

5. Centralised Accounting

5.1 The Institute operates a centralised accounting system for all Community Groups using the Institute's main account at Lloyds Banking Group, Old Town, Swindon. Except for International Sections, Community Groups are prohibited from opening their own bank accounts. The centralised system considerably reduces the burden on Treasurers, especially regarding paying suppliers, collecting income, VAT, and the preparation of year-end accounts.

5.2 The aims and objectives of having a centralised accounting system are as follows:

- to enable the Institute to manage its cash resources more effectively;
- to enable Swindon staff to offer assistance to Treasurers in obtaining accurate and timely information on the state of their Community Groups' accounts;
- to ensure that the Institute acts in a legal manner with regard to taxes and its charitable status;
- to simplify the work of the Treasurers, particularly in producing the end of year accounts removing the need for individual VAT returns;
- to ensure prompt payment of invoices and expense claims received at Swindon;
- to set up an efficient financial reporting system;
- to maintain proper accounting records.

5.3 Details of centralised accounting are set out in *The BCS Accounting Service*, sent to all Branch/Group Treasurers each time it is updated or when they first take up the post. It is available on the Volunteer Portal. Link here: www.volunteer.bcs.org/Rules_Finances

6. Financial support to Community Groups and the Budget Cycle

6.1 The Institute makes an annual funding allocation in the budget to CB, as a specific contribution towards running Community Group activities. Funds can only be provided for operations and activities which support BCS's charitable objectives. CBFC is required to submit a budget request to CB to cover the following:

- CBFC meetings and Community Group assemblies, conventions etc.
- Community Groups' regular meetings and running costs
- Additional Group activities such as conferences, special projects or sponsorship.

6.2 Similarly to any other unit of BCS, each Community Group needs to develop a financial plan and submit a budget annually. The Group's plans and budget requests are submitted to the CGT in the first instance and are then passed to CBFC for approval.

6.3 The three key elements of the financial plan submission process and budget allocation are:

- the sums requested, itemised by spend category and timing;
- the case for funding, aligning the request to the BCS strategic objectives;
- the detailed, individual event, planning form.

6.4 Events with a planning horizon longer than a single financial year, such as major conferences, have to be included in the annual budget request but are handled by the BCS as individual projects in their own right.

6.5 The outline timetable for the submission and approval of budget bids to allow CBFC to co-ordinate their budget process with the financial cycle of the Institute is given in Appendix 1.

6.6 Copies of the forms that make up the budget submission are available on the Volunteer Portal. Link here: www.volunteer.bcs.org/Rules_Finances

6.7 If plans change for any reason, CGT need to be advised as soon as possible so that any financial consequences of the changes can be taken into account and acted upon. Where a Community Group indicates that they are likely to exceed their allocated budget for the year, the Chair of CBFC will decide if an SFR should be raised.

7. Community Group Funding

7.1 When the Institute's budget has been approved by Trustee Board, CBFC notifies individual Community Groups of their budget for the forthcoming financial year via the CGT. As part of this notification, Community Groups receive a spreadsheet detailing the split of their budget award against a set of nominal codes. It is important that any deviance from the approved split for the full year is communicated with the CGT before expenditure is committed to as it may require prior approval of CBFC.

7.2 Swindon Finance sets up the appropriate framework for recording Community Group activities against the approved budget. Coding of invoices, claims and other expenditure is completed by HQ in line with the type of expenditure incurred. Most costs are for routine activities and meetings and should be coded to the main cost centre. Income and Expenditure for Free Events should be coded to the Community Groups' FREE cost centre, whilst Income and Expenditure for Chargeable Events should be coded to the Community Groups' CHG cost centre to ensure the correct VAT treatment is undertaken. A summary of this is available in Appendix 3.

7.3 Swindon Finance provides a monthly finance report for the Group treasurer, showing the Group's monthly and cumulative actual income and expenditure vs the budget. This is supported by a detailed listing of the individual transactions that make up the expenditure. A summary is also provided to CBFC.

7.4 Any funding not used in one financial year cannot be retained for use in a subsequent year. Roll-over funds *may* be available for those Community Groups who earn income from sources other than Sponsorship/Donations; if a CG qualifies, they will be advised by the CGT accordingly on an annual basis. Guidance on how Roll-over funding is calculated is available on the Volunteer Portal.

7.5 A Community Group can apply for Supplementary Funding using the SFR application process. An SFR will be considered by the CBFC where additional funding is required for a special event, additional running costs or changes to approved budgets. CBFC have a limit of £10,000 (including VAT) and any SFRs received which exceed this limit will also be referred to CB for confirmation of CBFCs recommendation. Urgent requests below £1,500 (including VAT) may be approved by the Chair of CBFC, all other requests are normally dealt with by the full CBFC committee. www.volunteer.bcs.org/Funding_Supplementary

7.6 7.6 Requests for Sponsorship – Complete a sponsorship request form detailing the nature of the sponsorship and very clearly indicating the benefits to the BCS of the sponsorship such as:

- Logo on website
- Promotions of BCS membership
- Coverage in the media

7.7 Where a Community Group does not use all or some of the allocated funds provided by an SFR within three months of the stated date/ three months from awarding (to allow for invoices and claims to be submitted) then Swindon Finance will review the accounts and transfer back all or part of the SFR as appropriate to the overall SFR pot, for use by other Community Groups.

8. End of Year Accounts

8.1 Shortly before the end of the financial year, Swindon Finance will issue Community Group Treasurers with a request for any information (notably lists of expenses claims and invoices still to come in, debtors and creditors) required to complete the end of year accounts from the Centralised Accounting records. The deadline for returning this information will be early September to enable the Institute to comply with the audit timetables leading through the approval process of the Institute's Annual Report and AGM.

8.2 BCS Swindon will issue final accounts to all Community Groups which will be the official version for all subsequent accounting purposes.

9. Community Group Financial Records

9.1 The use of centralised accounting does not remove the obligation for Community Groups to maintain records locally. These are needed to enable Treasurers to establish a proper audit trail and because there is an obligation on Community Group Treasurers, to augment the monthly financial reports from BCS Swindon in providing regular financial reports to their Committees and, at the AGM, to the membership of the Community Group as a whole.

9.2 The recommended basic record keeping requirements are:

- a permanent file for holding reference material - e.g. the financial guidance issued by the Institute, authorised signatory forms etc.;
- a year file for any correspondence relating to the financial activity of the Community Group in a particular financial year;
- temporary hard or electronic copies of all invoices, claim forms and any vouchers to support payments sent to Headquarters to settle from the Community Group's budget in case originals go astray, they are the subject of a query by Swindon staff, and to assist in reporting to Committees etc. as to what further items are yet to appear in the Swindon financial statements. These must be destroyed as soon as they appear on the monthly reports to comply with Data Protection.

9.3 There is a statutory requirement to retain all original financial records of the Community Group for a period of seven years by Swindon. Any original documents not forwarded to Swindon for any reason must be handed over to succeeding Treasurers.

10. Income

10.1 Community Groups receive income from a number of different sources, and it is important that such income is correctly accounted for, with a clear audit trail and supporting documentation. Community Groups are requested to liaise with the CGT at BCS Swindon where invoices need to be raised.

10.2 Events

10.2.1 Income from events usually arises from delegates' fees, but can include sales of proceedings from conferences, renting exhibition stands or floor space, direct or indirect sponsorship, etc. Pricing should reflect the economic cost and may allow for a small surplus and should differentiate between BCS Members and Non-Members.

10.2.2 The normal budget pro-forma includes a separate planning sheet for each event. These should be used whenever an event is planned to ensure a reality check on expected attendance and likely costs. Events should not normally be budgeted to run at a loss.

10.2.3 The BCS on-line booking account must be used for all events and the delegates' booking of said events. This allows payment at the time of booking by credit or debit card and provides a VAT receipt, obviating the need to raise invoices and to chase the customer for payment. Please go to the Volunteer Portal for full details: www.volunteer.bcs.org/Guidance_Event_Organisation

10.2.4 VAT will be involved on virtually all aspects of events income.

10.2.5 Joint Events. All forms of joint events should have a written agreement in place as part of the planning process. This is especially so if joint funding is required or where an agreement to share profits or loss has been made. It should be noted that when planning joint events and

BCS offices or other property is being utilised, a notional charge for the BCS property must always be included within the financial plan before any agreed split of profit is made. Please contact the CGT or go to the Volunteer Portal for further information.

10.2.6 The CGT is keen to provide as much support as possible to Treasurers and work with them to maximise the Group's profile both internal and external to BCS. The CGT is always happy to assist in event planning and administration, especially if this involves a new venue or is a new activity the Group is undertaking. Any new initiatives are extremely valuable in promoting the Group to the wider BCS membership.

10.3 Donations {Definition "Donations are given without return consideration"}. Community Groups can receive income by Donation. This income specifically does not result in the Donor receiving anything in exchange for their Donation. I.e. Donation income cannot result in the Donor being mentioned in any way, manner or means whatsoever in relation to BCS. If this happens, then the Donor becomes a Sponsor. Donation income does not attract output VAT so it is very specific and must be understood by both parties.

10.4 Sponsorship. The Sponsorship & Advertising Policy is available on the Volunteer Portal.

11. Expenditure

11.1 Community Groups, like other parts of the Institute, are expected to keep within their budgets and only exceed them in exceptional circumstances with the prior approval of Trustee Board (exercised through the Chair of CBFC).

11.2 Community Groups incur expenditure from a number of different sources and, as with income, it is important that all such expenditure is correctly accounted for, with a clear audit trail.

11.3 When a Group Treasurer receives an invoice, expenses claim or any request for payment by email from Swindon HQ they should:

a) Check that:

- the invoice is correctly addressed to "BCS";
- the goods/services have been received (or, in the case of expenses claimed, that they are genuine);
- the invoice, claim etc. is arithmetically correct;
- where appropriate, Committee authorisation has been obtained to spend the money;
- expenditure is within the agreed budget.
- Where there is any doubt seek advice from the Community Group Co-ordinators or the CBFC.

b) Review and approve the document by email to the CGT (groups@bcs.uk) stating that the document has been authorised and hence the CGT will pass onto Swindon Finance who will arrange for settlement to be made. Please note that any expense items that

relates to the purchase of an item that is £500.00 or more is considered a capital expenditure and must be cleared by the CBFC before committing to purchase.

11.4 Any purchase totalling £500.00 or more is classified as a capital expenditure and must have specific approval before it can be made. Seek permission for any such purchase from the CBFC ahead of the final purchase as special arrangements may have to be agreed with the BCS central functions.

Such purchases if reasonable may be more appropriate to be made via the BCS centrally to ensure capital expenditure processes are followed and best value is obtained as required by the charitable status of BCS.

11.5 All Community Group expense claims must adhere to the BCS Volunteer Expenses Policy, available on the Volunteer Portal. Acceptable methods of submitting claim forms are;

- **PREFERRED** Complete the form in full soft copy (which must include name, full postal address, correct date and Branch/Group). Forward onto Chair/Treasurer for approval and ask for it to be emailed to groups@bcs.uk, together with scanned in images of receipts to support all of the expenditure claimed (except mileage). The CGT will then review and arrange payment of the claim by the Finance Department. Amended or new bank details should be sent password protected.
- **METHOD 2 in exceptional circumstances:** Complete hard copy, sign and date the form (bottom left) and post to the CGT together with receipts to support all of the expenditure claimed (except mileage). The CGT will then review and arrange approval and payment of the claim by the Finance Department.
- **METHOD 3 in exceptional circumstance:** Complete hard copy, sign and date the form (bottom left) and hand to the Treasurer at a committee meeting together with receipts to support all of the expenditure claimed (except mileage). The Treasurer can then review and approve the claim, sign it and either post or scan and email the CGT. If the Treasurer is not available, then forward to the Chair or Secretary, who can review, sign and post/email to the CGT.

11.6 Payments are made via BACS transfer subject to the terms provided by the supplier.

11.7 The purchase of Capital items (laptops etc.) and software licenses require the prior approval of the CBFC.

11.8 Further advice on handling expenditure items is included in *The BCS Accounting Service*.

12. Employing Paid Help (including administrative services)

12.1 Community Groups must not enter into any contracts in their own right or employ anyone. Contractual commitments for CG can only be signed by the Head of Community Groups.

13. VAT

13.1 Community Groups are part of the Institute and, as such, are covered by the Institute's VAT 'partial exemption' registration, which reflects the fact that a part of the Institute's income comes from exempt supplies, principally member subscriptions and examinations. In practice this means that for most Community Groups expenditure only part of the VAT on suppliers' invoices can be recovered. The proportion recoverable is calculated annually in December by the Finance Department.

13.2 VAT is a complicated tax, which is subject to frequent amendment. The penalties for error in its treatment, to say nothing of negligence, are severe. It follows from this that any Community Group considering a revenue-earning activity of any kind should allow enough time in the planning process to seek advice from Swindon Finance on the likely VAT status of that activity, and to make any administrative arrangements that may be necessary.

13.3 Appendix 2 provides a brief guide to the VAT liability of the various sources of Community Group income. Additional guidance can be requested from Swindon Finance.

13.4 Appendix 3 provides a brief guide to VAT on the various sources of Community Group expenditure. Additional guidance can be requested from Swindon Finance.

Appendix 1

The Budgeting Cycle – detailed information available at www.volunteer.bcs.org/Funding_Budget

- February** Community Groups are invited to submit a financial plan. Deadline for submission will be advised in the Budget Pack email sent out by the Community Groups Team (CGT) each year.
- March** Groups draw up their initial financial bids detailing proposed activities and send completed financial planning forms to the CGT to collate. The CGT will apply policy and consensual guidance to the proposals received, and provide feedback to Groups as necessary.
- April** First planning review meetings with Community Board Finance Committee (CGFC) to do a first pass on the proposals, and comments from the CGT. Corrections made where necessary and final bid to Trustee Board prepared.
- May** CBFC agree Groups budgets for routine running costs. Initial allocations made and an Unallocated Reserve created.
- June/July** Trustee Board meets to approve BCS budget. Final Community Groups Funds for the forthcoming financial year are confirmed.
- August** Community Groups are notified of agreed budget allocation in the light of the confirmed budget from Trustee Board.
- 1 September** Start of new financial year.
- September-August (Year +1)**
CBFC consider requests for additional funding (new projects, potential overspend, adjustment to budget line allocation) from the Unallocated Reserve and from the recovery of any previously allocated funds not required.
- Branches and Groups spend according to their allocation budget lines. Any deviance from the approved split for the full year needs to be communicated with the CGT before expenditure is committed as it may require prior approval of CBFC.
- February (Year +1)** Cycle starts again
- 31 August** End of financial year.

Appendix 2

VAT Liability of Community Groups Income

Source of Income	Description	VAT Liability	Authority (VAT Act 1994)	Notes
Swindon Allocation	Funding received from BCS Swindon	Disregarded for VAT purposes	Section 43	Internal VAT Group transaction
Conferences, Events, Meetings and Seminars		Standard rated	Section 4	Includes tickets for an annual dinner etc.
Sponsorship	Sponsor receives benefit i.e.: Advertising	Standard rated	Section 4	Most sponsors of a BCS event receive advertising so BCS are making a supply of advertising services
Donations	Donor/Donation receives no benefit	Outside the scope		
Publications	Paper format	Zero rated	Item 1 Group 3 Sch 8.	Advertising in Group's publications – standard rated
	Electronic format	Standard rated		
Any other income		Depends on purpose – most sources are likely to be standard rated		Check with Swindon Finance

Appendix 3

VAT on Community Groups Expenditure

Source of Expenditure	Description	VAT Treatment	Notes
Committee meetings, general running costs, student prizes	Expenditure relating to general Branch/Group activities	VAT can be reclaimed at the current partial exemption rate	Should be coded to the main cost centre (i.e. SP99).
Free events	Expenditure relating to an event where both members and non-members go free	No VAT can be reclaimed	Should be coded to the FREE cost centre (i.e. SP99FREE).
Chargeable events	Expenditure relating to an event where both BCS members and non-members are charged a fee	All VAT relating to the Chargeable event can be reclaimed	Should be coded to the CHG cost centre (i.e. SP99CHG). A differentiation between BCS member and non-members but ALL must pay.