The Chartered Institute for IT

BCS, The Chartered Institute for IT

Community Groups Financial Guidelines incorporating BCS Accounting Service for Branches and Specialist Groups – Guidelines for Treasurers

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1. Purpose and Scope

1.1 The purpose of this document 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 BCS.

1.3 The financial operations of Community Groups are undertaken and monitored by individual Group Treasurers, the Community Groups Team (CGT) at BCS, BCS Finance Department 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 BCS 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 reports to their appropriate community group committee, 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 CGT and the BCS Finance Department.

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 BCS.

3. “Risk” Commitments

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

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 expenditure 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, Swindon. Except for International Sections, Community Groups are prohibited from opening their own bank accounts or holding cash.

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

- to enable the BCS to manage its cash resources more effectively;
- to enable BCS staff to offer assistance to Treasurers in obtaining accurate and timely information on the state of their Community Groups' accounts;
- to ensure that the BCS 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
- removes the need for individual Branch/Group VAT returns;
- to ensure prompt payment of invoices and expense claims received by the CGT;
- to set up an efficient financial reporting system;
- to maintain proper accounting records.

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 and 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. A more detailed timeline can be found in Appendix 1 which allows CBFC to co-ordinate their budget process with the financial cycle of the BCS.

6.3 Events with a planning horizon longer than a single financial year, such as major conferences, have to be included in the annual budget request when they are expected to take place. BCS finance will accrue or prepay income or expenditure so that it falls into the correct financial year.

6.4 If, for any reason, there is any deviance from projected budget use, CGT need to be advised as soon as possible so that any financial consequences of the changes can be considered and acted upon.

6.5 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. This SFR would need to state the reason for exceeding budget and the proposed use of additional funds if awarded.

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. As per 6.4 above, it is important that any deviance from the approved split for the full year is communicated with the CGT before expenditure is committed as it may require prior approval from CBFC.

7.2 The CGT are responsible for recording Community Group activities against the approved budget; coding of invoices, claims and other expenditure is completed 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 BCS Finance Department provides monthly financial reports for the Group treasurer and Chair, showing the Group's monthly and cumulative actual income and expenditure verses the budget. This is supported by a detailed listing of the individual transactions that make up the expenditure. Separate reports are prepared for routine, free and chargeable activities. An additional report showing SFR spend is also sent out to eligible Branches/Groups. A summary of all information is provided to CBFC.

7.4 Any budget not used in one financial year cannot be retained for use in a subsequent year. In certain circumstances roll-over funding may be available. Please take advice from your dedicated Community Groups Coordinator for any queries relating to roll-over funds and how to access it.

7.5 A Community Group can apply for Supplementary Funding from CBFC using the Supplementary Funding Request (SFR) application process. SFRs are generally tabled at the next available committee meeting but in some exceptional circumstances they may be subject to an electronic vote.

7.6 A Community Group can also submit an SFR to sponsor an event. This must clearly detail the benefits to the BCS of the sponsorship such as:

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

7.7 The approval limit of SFRs by CBFC is £10,000 including VAT, SFRs above this limit go to CBFC in the first instance before being passed up to CB for final approval.

7.8 SFR forms should be submitted in a timely manner, detail the benefits to BCS, include a detail expenditure listing and provide enough data for CBFC to make an informed decision.

Failure to do so may result in a delay to awarding funds and raise additional, un-necessary questions.

7.9 Where a Community Group does not use all or some of the allocated funds provided by an SFR (standard or sponsorship) within three months of the stated date/ three months from awarding (to allow for invoices and claims to be submitted) then BCS Finance Department will review the accounts and transfer back all or part of the SFR as appropriate to the SFR pot, for use by other Community Groups. It is the groups responsibility to ensure timely return of invoices and expenses by either committee member or invited speakers.

7.10 Any international travel incurred by Branches or Groups **MUST** have the prior approval of the CEO of BCS before committing any funds. No retrospective requests will be considered.

8. End of Year Accounts

8.1 Shortly before the end of the financial year, BCS Finance Department will issue Community Group Chairs and Treasurers with a request for any information (notably lists of expenses claims and invoices still to come in) 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 BCS to comply with the audit timetables. Any items included which relate to transactions for the incorrect financial year, or have not been previously agreed for will not be actioned.

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

9. Holding of Information by Community Groups

9.1 Due to GDPR, Community Groups should not hold information. Please speak to your dedicated Community Group Coordinator for full details.

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.

10.2 Community Groups are requested to liaise with the CGT where invoices need to be raised or further support is needed.

10.3 All income should be collected directly by BCS in Swindon.

10.4 No amount of cash or cheques belonging to BCS should be held by any Committee/Branch/Group Member.

10.4 BCS Swindon Finance Department will monitor credit control.

10.5 Events

10.5.1 Income from events usually arises from delegates' fees, but can include sales of proceedings from conferences, donations, 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. It is important to note that if the event is chargeable, **ALL** attendees should pay for attendance – this is based on advise taken from Tax advisors and agreed with HMRC. You should note that VAT treatment for charities are unique, so BCS cannot be compared other organisations.

10.5.2 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 be budgeted to run at a loss.

10.5.3 The BCS on-line booking account must be used for all events both chargeable and free. For chargeable 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 allow 6 weeks notice for an event to be set up and speak to your dedicated Community Group Coordinator if you have any questions surrounding the process.

10.5.4 VAT will be involved on virtually all aspects of events income. Please see Appendix 2 or seek advice from your dedicated Community Group Coordinator.

10.5.5 Joint Events. It should be noted that when planning joint events with external organisations or venues 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 seek advice from your dedicated Community Group Coordinator.

10.5.6 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.

10.6 Donations {Definition "Donations are given without return consideration"}. Community Groups can receive income by Donation. Donation income does not result in the donor receiving anything in exchange for their donation, and as such does not attract output VAT so it is very specific and must be understood by both parties.

10.7 Sponsorship. As the sponsor generally receives something in return this attracts output VAT. Further information can be found on the Volunteer Hub, or seek advice from you dedicated Community Group Coordinator.

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 The preferred method of submitting invoices and expense claim forms is via soft copy which must include;

- Supplier's full name;
- Supplier's full postal address;
- Correct date;
- Branch/Group;
- Reason for expenditure;
- The correct address for BCS;
- SFR number if applicable.

In exception circumstances, a hard copy can be completed and posted or scanned to the CGT

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

a) Check that:

- it is correctly addressed to "BCS" at 3 Newbridge Square, Swindon, SN1 1BY;
- in the case of expenses, the expense form is the most recent version and correctly filled out, accompanied with itemised receipts to support all expenditure (excluding mileage);
- the goods/services have been received (or, in the case of expenses claimed, that they are genuine);
- it is arithmetically correct;
- where appropriate, correct authorisation has been obtained to spend the money;
- expenditure is within the agreed budget and funds are fully available to support the payment;
- any international travel has sought prior authorisation;

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. The CGT will then review and arrange payment by the Finance Department. Amended or new bank details should be sent password

protected. International payments require a Money Mover Form to assist processing of the payment. These can be found in the Volunteer Help Centre.

11.5 All Community Group expense claims must adhere to the BCS Reimbursement of Expenses Policy, available on the Volunteer Help Centre.

11.6 Some purchases will be classified as Capital Expenditure and will be depreciated over the useful life of the asset. Any such purchases must have the prior approval of CBFC ahead of purchase, as special arrangements may have to be agreed with the central BCS 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.

11.8 Payments are made fortnightly via BACS transfer from the BCS central bank account subject to the terms provided by the supplier. Hence timely submission will result in prompt payment.

11.9 The purchase of software licenses require the prior approval of the CBFC.

12. Employing Paid Help (including administrative services)

12.1 Community Groups must not enter into any contracts in their own right or employ anyone.

12.2 Contractual commitments for Community Groups must follow the current legal process.

13. VAT

13.1 Community Groups are part of BCS and, as such, are covered by the VAT 'partial exemption' registration, which reflects the fact that a part of the income generated by BCS comes from exempt supplies. 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 and the percentage will vary each year. Budgets should reflect VAT at the full current level (20%) to ensure coverage.

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 the CGT or BCS Finance Department 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 the CGT or BCS Finance Department.

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

Appendix 1

The Budgeting Cycle – detailed information available from CGT upon request

Feb Community Groups are invited to submit a financial plan. The deadline for submission will be advised in the Budget Pack email sent out by the Community Groups Team (CGT) each year usually late February/early March.

Mar 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.

Apr First planning review meetings with Community Board Finance Committee Chair 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.

Jun onwards Trustee Board meets to approve BCS budget. Final Community Groups Funds for the forthcoming financial year are confirmed. Community Groups are notified of agreed budget allocation in light of the confirmed budget from Trustee Board.

1 Sep Start of new financial year.

Sep-Aug (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 or higher.

Feb (Year +1) Cycle starts again

31 Aug End of financial year.

Please ensure you include VAT at 20% as part of your budget submission as BCS cannot fully reclaim VAT on all purchases.

Appendix 2

VAT Liability of Community Groups Income

Source of Income	Description	VAT Liability	Notes
Swindon Allocation	Funding received from Swindon	Disregarded for VAT purposes	Internal VAT Group transaction
Conferences, Events, Meetings and Seminars		Standard rated	Includes tickets for an annual dinner etc.
Sponsorship	Sponsor receives benefit i.e.: Advertising	Standard rated	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	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 CGT or BCS Finance Department

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. This ruling is based on advice given by Tax advisors and agreed with HMRC.