

# Upton Village Hall Financial Policy & Procedures

## Preamble

Our hiring policy is one of low hire charges and high utilisation, as this maximises the affordability of the Hall to the community, encourages diversity and reduces dependence on a small number of large users. Upton Village Hall has about 30 regular user groups and there are about 6 ad hoc bookings per month. Annual income is in excess of £30,000 and normal operational expenditure is about 75% of income. The remaining 25% of income is routinely spent on projects to refurbish and improve the hall's facilities for the benefit of the user community, with from time to time additional financial support from grant funding.

The size of the accounting task is characterised by the following approximate numbers of transactions per annum: 250 invoices, 330 cash or cheque receipts, 75 online receipts, 120 cash or cheque payments and 110 online payments.

The policy is to provide an appropriate framework for managing the charity's finances that provides transparent, fit for purpose controls over all income and expenditure transactions and cash management, and which provides the trustees with assurance that all the financial transactions of the charity are being properly accounted for, and ensures that they are fully conversant at all times with the charity's financial position.

## Managing and Accounting for Income

The on-line bookings calendar carries all hall bookings and so provides the principal control and audit trail that ensures that all hire charges are collected.

Ad hoc bookings for such events as children's parties are managed by the hall caretaker, who collects the hire charges at the time of the event and delivers the monies to the treasurer. Regular bookings are normally invoiced 1 to 3 months in arrears using the on-line calendar as the source of information. Users are regularly reminded of the importance of checking the on-line calendar to ensure accurate invoicing.

All income transactions are entered into the bookkeeping package as they occur. Cash and cheque receipts are banked regularly.

The "outstanding invoice" facility in the bookkeeping software provides adequate credit management control.

## Managing and Accounting for Expenditure

With the minuted agreement of the trustees, an online payment facility has been set up to enable most payments to be made online. Utilities are paid for by direct debit and the caretaker's wages by standing order. Expenses for trustees are paid by cash or online on production of the relevant receipts. All other payments for goods and services are mostly paid online with a few still by cheque. Cheques require two authorised signatories.

All expenditure transactions are entered into the bookkeeping package as they occur.

## Bank Reconciliations

Monthly reconciliations with the bank account provide the principal method of maintaining a tight, transparent control over UVH cash and the use of the online payment facility.

## Budgetary Control

A budget is produced annually before the start of the financial year and approved by the Board. Budgeted income is derived from known regular bookings for the remainder of the calendar year plus an estimate for the last 4 months. Budgeted expenditure is based on previous year's expenditure patterns, known or predicted price increases (eg. utilities) and projected project expenditure.

## **Reporting to the Board & Annual General Meeting**

A report of year to date income and expenditure compared to budget is presented to the trustees each quarter. In the event of any significant variance from budget the trustees decide what if any remedial action can be taken to ensure a satisfactory year end outcome.

An annual financial report is presented to the AGM, principally comparing current to previous years' income and expenditure.

## **Long Term Financial Planning**

A 10 year financial plan is updated from time to time but not more than every two years. This plan is built up from forecasted income and ongoing expenses and known improvement projects that the trustees have prioritised.

The long term financial plan provides the principal means of determining if and when hire charges need to be increased as it provides both a short and long term view of the consequences of such decisions. At the same time the plan enables the trustees to assess whether the desired level of financial reserves can be maintained over the medium to long term, and which projects may require grant funding.

## **Financial Reserves**

The trustees' policy on financial reserves is set out in a separate document. This sets out the reasons why the trustees wish to maintain reserves at a particular level and determines what this level should be. It documents the steps that are taken to establish and maintain the reserves at the agreed level and finally the arrangements for monitoring and reviewing the policy.

## **Statutory Reporting**

An Annual Return, Annual Report & Accounts are provided to the Charity Commission in accordance with their current requirements and in adherence to the relevant SORP for small charities with income in excess of £25,000. The annual accounts are independently examined as required by an examiner known to the trustees and with appropriate qualifications and experience.

## **Acquisition of Goods and Services**

The trustees' policy on the acquisition of goods and services is set out in a separate document. This sets out the means by which the trustees seek to ensure value for money and acceptable levels of quality.

## **The Appointment of Treasurer**

The Upton Village Hall treasurer must have adequate experience of club/society treasury functions, but a formal accounting qualification is not a necessity. Experience of drafting successful applications for grant funding or bank loans is useful. The level of computing and accounting literacy must be such that the treasurer can take on the operation of the chosen bookkeeping software and be competent in the development and use of spreadsheets. The treasurer must also have the ability to interpret and present the accounting information in order to communicate the charity's financial position to fellow trustees.