



Macclesfield Music Centre

It's all about the music....

Financial Management & Accounting Policy

Key Personnel:	Bookkeeper – Susan Denerley Business Manager – Ruth Bardsley Named Trustees – Judy Bell and Mike Strutt
Approved by Board on:	6th March 2025
Next review date:	March 2026

Financial Management & Accounting

Financial management is more than just ensuring there is sufficient cash and keeping to budget.

Financial management involves:

- ✓ Setting financial objectives
- ✓ Planning and acquiring funds
- ✓ Ensuring funds are being effectively managed
- ✓ Management and financial accounting
- ✓ Formulating strategy
- ✓ Planning and controlling activities
- ✓ Decision-taking
- ✓ Optimising use of resources
- ✓ Disclosure to other interested parties external to the Charity

Clear procedures are needed to ensure that the Trustees of the Charity have the tools and skills to ensure effective financial management takes place. Where staff and/or volunteers are involved the individual responsibilities should be clear to avoid confusion, inconsistency & conflicts.

The role of the Business Manager and Musical Director is often crucial in discussion with key funding bodies, suppliers, tutors, auditors *etc.* However, legally the Trustees are collectively/jointly responsible for ensuring that the charity's resources are properly managed and accounted for and must not assume the Business Manager and Musical Director will do everything. The following policies and procedures enable the Trustees to delegate operational financial management to the Business Committee.

Definitions:

The Charity: Macclesfield Music Centre - Charity Registered Number no: 1068353

Board: The Board is the Board of Trustees of the Charity. They lead the strategic responsibility for the financial management of the Charity.

Business Committee: The Business Committee deals with the operational aspects of the Charity, musical direction, book keeping, website, membership and data collection. Within the Business Committee, the

Business Manager and the Musical Director lead the operational responsibility for the financial management of the company.

Financial Year: The Charity's financial year is 1 September to 31 August

Business Manager: The Business Manager is the member of the Business Committee who leads the operational responsibility for the financial management of the Charity along with the Musical Director.

Book Keeper: The Book Keeper is the person who has the day-to-day responsibility for the administration of the Charity's financial transactions and is also a member of the Business Committee.

Authorised Person: Authorised persons are those persons authorised by the Board of Trustees to approve financial instruments (cheques, purchase orders, invoices, etc) on its behalf. Authorised persons will not be in receipt of tutor fees, have potential of conflict of interest or are related to another authorised person.

Income Policy & Procedures

Income consists of membership fees, grants, donations and fund raising activities. Membership fees are reviewed annually as part of the budgeting process.

Purpose:

To safeguard, monitor and control income including grants, donations & contribution in the form of BACS, cheques & cash.

To outline the structure of authorisation for dealing with income, credit-control and cash management.

Invoices:

Invoices should be issued whenever it is appropriate. We don't currently issue formal invoices for membership - we send an email after registration. This is being reviewed as part of considering the use of the Xero finance application.

Invoices should include the following details:

- ✓ The Charity's logo;
- ✓ A statement that the Charity is a registered charity, and its charity number;
- ✓ The name and address of the person or organisation being invoiced;
- ✓ The date of the invoice, which must be the date it is posted to the accounts;
- ✓ The nature of the services and/or goods being charged for;
- ✓ The rate at which services and/or goods are being charged for;
- ✓ The purchase order number (where available) and/or any other appropriate identification information provided by the person or organisation being invoiced;
- ✓ If the invoice is to a funding body it should state the funding period to which it relates;
- ✓ The invoice total;
- ✓ The Charity's payment instruction & terms of payment.

Where acceptable to the person/organisation to which it is addressed, the invoice may be sent electronically in PDF format. Otherwise, the invoice shall be printed and sent by post. In either case the invoice must be dispatched within 2 working days of being produced.

Registration for members is now electronic, but invoices will be issued to members on request.

Outstanding invoices:

The Book Keeper and Business Manager will review the outstanding invoices/ unpaid memberships every term.

If an invoice has not been paid within 28 days of being issued, then a second invoice should be issued. The second invoice should be a copy of the first, but with "REMINDER" added to it.

Any invoice which remains unpaid for more than 56 days must be brought to the attention of the Board to determine what further action should be taken.

Unless there are extenuating circumstances, debtors with invoices more than 56 days overdue will not be allowed any further credit (*e.g.*: the provision of goods or services, or access to any of the Charity's facilities or resources) until the outstanding debt has been repaid in full.

Bad debts will be formally written off annually by the Board as part of the preparation for the audited/examined accounts.

Recording Payments:

Payment by BACS:

Where payments are made directly into the bank account via the BACS payment system the Book Keeper will check for such direct payments each time a bank statement is received, or on-line as circumstances require.

When payment by cheque or cash is received:

When cheques or cash arrive the Book Keeper will ensure that cheques are properly signed and made payable to the Charity and will record their arrival in the accounts;

Cheques and cash received should be banked on a timely basis. Any cheques or cash not banked immediately must be held securely until it is banked. A maximum of £250 cash may be held.

Cash in Transit:

All persons carrying cash to or from the bank are instructed to put their personal safety first in the event of any attempt to steal the money.

In the event of losses of cash in transit, the Business Manager must be informed immediately and take the appropriate action.

The times and days of taking cash for banking should be varied and an innocuous plain bag or briefcase must be used for carrying the money. If the amount of cash (*i.e.*: excluding cheques) being banked is greater than £250 two people should take the cash to the bank.

Budgeting Policy and Controls:

Purpose:

To provide a means of balancing projected expenditure against projected income and ensuring resources are allocated fairly; we only have one budget

To provide a structure for monitoring and controlling expenditure.

To ensure that funds cash flows can be effectively and efficiently managed to ensure that there are always sufficient accessible funds available to meet the Charity's financial commitments as they arise.

Policy:

The annual budget will provide the Business Committee with the authority to spend within the amounts specified under each budget heading.

The amounts budgeted for the income and expenditure, both within budget categories and overall, of the Charity cannot be exceeded, transferred or altered without the authorisation of the Board.

The Book Keeper will provide the Trustees and the Business Committee with regular reports (informal reports will be provided as appropriate, formal reports will be provided termly) detailing actual expenditure against budget heading and ensure that budgets are not exceeded.

The Book Keeper will ensure that the Board (via the Business Manager, where appropriate) is informed where any breaches of this policy may occur.

Budget-setting Process:

A budget is a plan translated into money for a defined period of time. The time period is usually the financial year. The budget is prepared after the Charity has clarified its aims and objectives and produced a variety of action plans to achieve them. The purposes of a budget are:

- ✓ To co-ordinate different activities towards a single plan;
- ✓ To set and communicate financial targets;
- ✓ To maximise and allocate resources;
- ✓ To identify financial problems;
- ✓ To establish a system of control by having a plan against which actual results can be compared;
- ✓ To compel planning.

As the budget is a vital element of the procedure for negotiating grants and contracts, it is important that a budget is produced in good time .

The Business Manager and Musical Director will produce a draft budget based on previous income & expenditure patterns and the expected actual income & expenditure for the coming financial year. The draft budget and any explanatory notes will be circulated to the Board for comment.

Any necessary revisions will be made and a final draft budget presented to the Board for approval & adoption no later than the last day in the financial year prior to that to which it applies.

Monitoring and Revision:

The Book Keeper will monitor income and expenditure and ensure that the Board receives accurate and up to date information regarding any shortfall in projected income or increase in expenditure. Where necessary, the Business Manager and Musical Director will make recommendations on various options for remedial action.

Where such action may affect the level of service or staff negotiations should be initiated with the relevant parties immediately.

Payroll Policy and Procedure:

MMC does not employ staff. Tutors and administrators are freelance professionals and payment is made on receipt of a tuition invoice.

Tutor fees are reviewed every three years linking to the Musicianship Union recommendations. Support and administration roles are set at half the tutor fees.

Purchasing Policy and Procedures:

Purpose:

To ensure that all expenditure is properly authorised and provide a standardised procedure for dealing with expenditure items.

Orders – Goods and Services:

For purchases outside of budget, the authorization of the Business Manager is required

Items over £500 in value must be authorised by the Board. For any purchase over £1,000 in value, at least 3 quotes must be obtained in order to ensure a competitive price is paid unless the Board explicitly waives this requirement and records in the minutes of the Board meeting the justification for the waiver.

Invoices must be checked for accuracy initialled and dated when received by the Business Manager and forwarded to the Book Keeper for authorisation and payment. This process can be done via email.

Purchases – Depreciable Assets:

None are held.

Payments by Cheque and Other Instruments (*e.g.*: On-Line BACS, Direct Debit):

Where appropriate, authorised persons who are not Trustees may be established by resolution of the Board. The resolution must state the reason for the authorisation and the date on which it will expire.

Where a cheque or any other form of payment is being made to an authorised person that person may not be a signatory on the cheque or other instruction for payment;

All cheques and other instructions to the bank - including instructions made on-line - are authorised by two named signatories. These are two of the following:

- the Book Keeper
- 2 named trustees
- Chair of the Business Committee.

Where a cheque or other instructions to the bank – including instructions made on-line (*e.g.*: for BACS payments) – is for an amount exceeding £1,000 the payment must be authorised by a Trustee unless the purpose for which the payment is being made has already been approved by the Board. The authorisation of the payment can be made by written resolution, including by email where appropriate (*i.e.*: the authorisation does NOT necessarily require the convening of a Board meeting).

Petty Cash Policy and Procedure:

Purpose:

To ensure all cash is properly handled including storage, payments and record keeping.

To establish accountability for the proper handling of cash.

Policy:

The Charity acknowledges the need for the use of Petty Cash accounts for Coffee Shop fundraising and any ad hoc cash collection at the Front Desk.

All cash must be kept in the Petty Cash boxes provided which should be kept in a secure place.

A signed Expenditure Voucher and point-of-sale receipt must support all transactions.

All petty cash boxes must be reconciled weekly during term time by the petty cash holder, or named responsible person. These are:

Coffee Shop manager

Front Desk Manager

Requests for replacement cash must tally with the sum of the vouchers.

The Business Manager shall operate random checks on Petty Cash boxes to ensure that entries are accurate, vouchers and receipts properly stored and that the running balances are correct.

Administration and Accounting:

Payments from Petty Cash are recorded and signed for using Expenditure Vouchers as they are paid out against point-of-sale receipts.

Petty Cash floats operate on the imprest system where the total of the cash and Expenditure Vouchers should always equal the amount of the agreed float. Any discrepancies must be reported to the Business Manager immediately for investigation and action. The amount of float held in a Petty Cash box will be clearly marked on the inside of the box and should be appropriate to the level of transactions passing through the box (subject to a maximum of £100)

At the end of the week the Book Keeper will enter the petty cash expenditure into the main accounts.

The Accounting and Independent Examination Procedure:

Purpose:

To ensure that the Charity meets the statutory accounting requirements of the Charities Commission.

To provide accurate and useful data for the Board and staff.

Procedure:

The Charity's accounts will be managed electronically using appropriate software approved by The Board and the Charity's Independent Examiner. Appropriate software is key - at the moment we operate on XL spreadsheets.

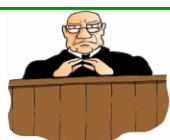
The Board of Trustees appoints the Independent Examiner at the AGM, or at other times when circumstances require.

The Business Manager, in conjunction with the Book Keeper where appropriate, will ensure that all financial records, supporting documentation and reconciliations are accurately maintained, up to date and easily retrievable for analysis and examination purposes;

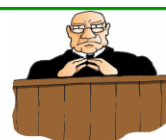
The Book Keeper will prepare timely and accurate year-end accounts in the appropriate format with the required supporting working papers and relevant reconciliations.

The Trustees will meet with the Independent Examiner to ensure that queries are resolved and that accounts are completed and signed within nine months of the year end.

The Trustees will ensure that the signed accounts are filed with the Charity Commission within 10 months of the year-end.



Disclaimer



Small Charity Support (CIO No: 1161963) - Supporting Small Charities & Voluntary Organisations



While it is Small Charity Support's intention to provide you with the best possible support and information as we are able, it is important that you read and give due consideration to the following notices.



The information contained in this leaflet is provided in summary form and is made available for general information purposes only. It has not been prepared with your specific needs in mind and is not advice of any kind (whether legal, financial, or otherwise).

Please take the time to check the information in this leaflet is suited to your specific circumstances and if you are making any important decisions, such as on financial, legal or tax matters, you should consult a qualified professional adviser who can provide specific advice based on your position.

Small Charity Support does not assume any liability or responsibility to any person or entity for the information contained in this leaflet and you should not rely on any information contained in this leaflet. Small Charity Support makes no representation as to, and does not assume any responsibility for, the accuracy, completeness or relevance of the information contained in this leaflet.

Please make sure that any sites you link to from this leaflet (or on our website) are appropriate to you, as we do not endorse such websites and have no control over their contents or how (or if) that site operates. Any links or references in this leaflet to a company, entity, service or product does not, in any way, imply an endorsement.

© 2021 Small Charity Support



This leaflet is made available to charities and not-for-profit organisations under a Creative Commons **Attributable – Non Commercial – Share Alike** International 4.0 License That license lets you remix, adapt, and build upon this material non-commercially, as long as you credit Small Charity Support and license your new creations under the identical terms.