



Financial Regulations Bylaw,

Birmingham City Students' Union

And

Birmingham City Enterprises Limited

29th January 2008

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1 Introduction

The Birmingham City Students' Union and Birmingham City Enterprises Limited are obliged by the various Charity Laws, the Company Acts 1985 and 1989, and the Education Act 1994 to manage its affairs openly and with due diligence and care.

The Union appoints External auditors who have the right to examine any aspect of the Union's accounting operations in order to comment on our financial position. The Auditors complete reports, which are forwarded to the University and the Board of Governors and, along with the University's External Audit reports, are sent to the Higher Education Funding Council (England).

The University can, and does, appoint Internal auditors who check that our procedures enable us to account for all the money spent and received in a proper fashion.

It is very important that you understand and adhere to the Financial Procedures. If you need to follow one of the procedures but are not absolutely sure you understand then please speak to your Manager or the Finance Manager before proceeding.

We all need to be on our guard for waste or possible fraud. If you feel at any time that you suspect someone's actions or practices may harm the Union's good name or financial position, please contact, in confidence, either the Finance Manager, or the General Manager.

All Managers are required to ensure the financial procedures are adhered to at all times in the areas they are responsible, and report any concerns or difficulties to the Finance Manager.

2 Overview

2.1 Purpose of this document

- 2.1.1 To provide help and advice for the staff of Birmingham City Students' Union who have responsibility for the management of resources or the control of income and expenditure.
- 2.1.2 To lay down procedures, which ensure that the financial management of the Union is conducted in accordance with the highest standards, at all times.
- 2.1.3 The Directors and Council determine the rules and procedures under the powers conferred by the Constitution of the Union.
- 2.1.4 The Board of Directors will prepare an Operating Procedures Manual to be read in conjunction with this bylaw, giving clear guidance on how this bylaw will be implemented.

2.2 Interpretation of this document

- 2.2.1 The Finance Manager will give interpretation of these procedures.
- 2.2.2 In the event of a difference of interpretation, the Finance Manager will refer the matter to the President and the General Manager and beyond that to the Board of Directors.

3 Responsibility of Directors

3.1 The Directors are responsible for:

- 3.1.1 The effective and efficient use of resources, the solvency of the Union and for safeguarding its assets.
- 3.1.2 Preparing annual estimates of income and expenditure for approval by Council. These are then submitted to the University's Board of Governors.
- 3.1.3 Ensure that proper accounting records are maintained.
- 3.1.4 Preparing accounts for each financial year, which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period.
- 3.1.5 To present the approved annual accounts to that Annual General Meeting

3.2 The Directors delegate the following responsibilities:

- 3.2.1 The General Manager is responsible to the Directors and Council for administering 3.1 above.
- 3.2.2 The Directors, Council and General Manager can best undertake these responsibilities by instituting internal control procedures to ensure that the work is properly carried out by the employees of the Union.
- 3.2.3 The procedures will ensure reliable management information and financial accounts can be produced to prevent error, fraud and loss of the Union's assets.

4 Internal Control System

4.1 Definition:

- 4.1.1 The whole system of controls, financial and otherwise, established by the Directors and Council in order to carry on the business of the organisation in an orderly and efficient manner, safeguard its assets, and secure, as far as possible, the accuracy and reliability of its records.

4.2 Concept

- 4.2.1 Includes financial and accounting matters and the custody of the organisations assets as well as controls designed to improve operational efficiency and to ensure adherence to the organisations policies.

4.2.2 Therefore, the system of internal control is intended not only to maintain an adequate method of processing accounting data, but also to safeguard the organisation against possible financial loss due to fraud or error.

4.3 Objectives:

- 4.3.1 The organisation receives and records all the income and revenue to which it is entitled.
- 4.3.2 All expenditure is properly authorised and recorded
- 4.3.3 All assets are properly recorded and safeguarded.
- 4.3.4 All liabilities are properly recorded and provision is made for known or expected losses.
- 4.3.5 The accounting records provide a reliable basis for the preparation of accounts.
- 4.3.6 Errors and irregularities in processing accounting information will become apparent.
- 4.3.7 Effective internal control may be achieved through procedures such as authorisation, division of duties and review of management information.

5 Annual Accounts & Audit

5.1 The financial year

- 5.1.1 The Financial year of Birmingham City Students' Union shall, for all accounting purposes, be the same as for the University, and shall provide information when requested by the University in line with Clause 5.3 of the University's Financial Memorandum.
- 5.1.2 For reporting purposes, the 12 accounting periods are based on weeks rather than calendar months, following the pattern of period 1 having 5 weeks, period 2 and 3 having 4 weeks and so on.

5.2 Audit

- 5.2.1 The Union accounts are audited annually in accordance with arrangements agreed between the Union and the University's Board of Governors.
- 5.2.2 The University will on occasions invite its internal auditors to inspect the Union's procedure. The Union will co-operate fully with such inspections, have the opportunity to comment on recommendations and subsequently act upon those which are agreed.

5.3 Approval of Audited Accounts

- 5.3.1 These approved accounts are presented to the Annual General Meeting.

5.4 Subsidiary Companies

- 5.4.1 All subsidiaries shall have a separate set of accounts prepared. Their financial procedures shall operate in line with the content of this document.

6 Budget Procedure

6.1 Preparation and Approval

- 6.1.1 The President, General Manager and Finance Manager shall present initial budget proposals to the Directors.
- 6.1.2 The Directors are responsible for the presentation of annual estimates of income and expenditure to Council.
- 6.1.3 Council approves this Annual Budget.

6.2 Authorisation

- 6.2.1 Each budget heading will be allocated a Budget Holder who will authorise and control expenditure and income.

- 6.2.2 The Directors are authorised to incur expenditure in accordance with their budgets and the financial rules.
- 6.2.3 The approved allocation shall be used only in pursuit of the objects of the Union as stated in clause 3.1 of its Constitution.

6.3 Monitoring

- 6.3.1 The Finance Manager prepares monthly management accounts, in line with section.
- 6.3.2 They are distributed to Directors and Managers within the organisation, for the purpose of budget monitoring and control.
- 6.3.3 The Finance Sub committee of the Board considers the management accounts each month.
- 6.3.4 Finance sub committee will refer issues to the Board as necessary.
- 6.3.5 The Board also receives the most recent accounts at each meeting.

6.4 Variation of the budget

- 6.4.1 The Union will undertake a mid year budget review, based on December management accounts.
- 6.4.2 The Directors may reallocate funds within the authorised Annual Budget between departments up to a maximum set in the Financial Schedule.
- 6.4.3 Council must approve amounts over that limit at the Mid Year Budget Review.

7 Cashflow Forecasts

7.1 Forecasting cycle

- 7.1.1 Cash flow forecasts are prepared and reviewed by the Finance Manager on a termly basis.
- 7.1.2 The General Manager and the Directors consider variations.
- 7.1.3 The Directors, the President or General Manager may require cashflow forecasts to be prepared more frequently as required.

8 Banking

8.1 The Union Bankers are:

The National Westminster Bank Plc.,
46 One Stop Shopping Centre,
2 Walsall Road,
Perry Barr,
Birmingham.
B42 1AA

8.2 Deposit of funds

- 8.2.1 All funds due to the Union shall be deposited in an account maintained with these bankers for the purpose of the Union.
- 8.2.2 No other account or funds associated with or maintained for the purposes of the Union shall be established except with the authorisation of Council.

8.3 Control of Bank Accounts

- 8.3.1 The Finance Manager must keep a list of all bank accounts held by or on behalf of the Union and its clubs and societies.
- 8.3.2 The Directors shall control and operate the Union's Bank Accounts to which there will be five signatories:
- The President

- The Education and Welfare Officer
- The Communications Officer
- The General Manager
- The Finance Manager

8.3.3 Cheques must be signed by two of the five above persons,

8.3.4 One Director and one Manager will sign each cheque.

8.3.5 The above signatories deal with all arrangements with the Union's Bankers regarding the bank accounts.

9 Borrowing

9.1 Consent for Borrowing

9.1.1 The Union shall not enter into any long term borrowing without the prior consent of the University.

9.1.2 The Union shall be authorised to undertake short term borrowing for cash management purposes. The decision to undertake short-term borrowing shall be taken by Council.

9.2 The conditions for borrowing

9.2.1 The total short-term borrowing shall not at any time exceed 1/12th of the annual revenue grant paid to the Union by the University.

9.2.2 The short-term borrowing shall not exceed a continuous period of 60 days in any Financial Year.

9.2.3 Any short-term borrowing shall be limited to overdraft facilities provided by one of the banks or building societies on the University's list of approved deposit takers and upon the most favourable terms obtained as to interest, repayment and security.

10 Contracts

10.1 Authority to enter into contracts

10.1.1 The Directors shall have the authority to enter into contracts in pursuit of the objects of the Union, as shown in Clause 3.2 of its Constitution (Memorandum of Association).

10.1.2 It may delegate this authority to one or more of its members, and the General Manager.

10.1.3 All contracts entered into on behalf of the Union must be signed by the President (or General Manager in their absence).

10.1.4 The Finance Manager must centrally store all contracts.

11 Insurances & Risk

11.1 Risk

11.1.1 The Directors are responsible for creating and maintaining an up to date record of the Business Risks of the Organisation.

11.1.2 The Directors will ensure that significant risks are acted upon appropriately.

11.2 Insurance

11.2.1 The Directors shall ensure that the Union enters into appropriate arrangements so that it is insured against all reasonably foreseeable liabilities.

11.2.2 It is the responsibility of Directors and Managers to inform the Finance Manager of any insurable items or events relating to their departments.

11.2.3 The Finance Manager should ensure that appropriate cover is obtained.

12 Value Added Tax

12.1 VAT Reports & Records

12.1.1 The Finance Manager shall maintain the VAT records for the Union and shall ensure that all VAT payments are made and all VAT refunds are received.

12.1.2 The Finance Manager must ensure that VAT returns are submitted on time.

12.2 VAT Status

12.2.1 The Union is partially exempt from VAT in relation to its non-trading activities as negotiated with HM Customs and Excise.

12.2.2 The Finance Manager will check each year that the Union is in the most beneficial VAT position at that time.

13 Fixed Assets

13.1 Definition of Capital Expenditure/Fixed Asset

13.1.1 Capital Expenditure is where the item or project has a value greater than £500 and a useful life of more than one year.

13.2 Additions to Fixed Assets

13.2.1 All capital expenditure must be authorised in line with the Financial Schedule.

13.2.2 All capital expenditure requires three written quotations.

13.2.3 Expenditure previously approved by the Board or Council must be authorised by the General Manager with reference to the relevant minutes.

13.3 Amendments to Approved Expenditure

13.3.1 Any excess expenditure over that originally approved must be authorised by the same body as initial capital expenditure, or a higher body if the total expenditure now falls into the higher bracket.

13.4 Disposals

13.4.1 The disposal of all assets must be authorised in line with the Financial Schedule

13.5 Fixed Asset Register

13.5.1 The Finance Manager must maintain an up to date fixed asset register.

13.5.2 The register must be agreed to the relevant nominal ledger codes each month and discrepancies resolved.

14 Expenditure

14.1 Authorisation Limits

14.1.1 The President will prepare a financial schedule to be presented to the first council meeting each year for approval.

14.1.2 All expenditure will be made against the relevant budgets and in line with Financial Schedule.

14.1.3 All authorisations should happen correctly at the point of placing the order for the goods or services, not on receipt of the invoice.