



# FINANCIAL CONTROLS POLICY

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## Approved by Club Committee

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v2.0: December 2019

v3.0: December 2020

v4.0: February 2024

# FINANCIAL CONTROLS POLICY

## 1 Purpose

- 1.1 This policy sets out the key features of financial controls for managing and monitoring the Club's income and expenditure, cash and other assets and paying its liabilities as they fall due. The Treasurer is responsible for managing the financial risks inherent in the Club's activities appropriately and proportionately in accordance with this policy.
- 1.2 It is recognised that the Club is a Community Amateur Sports Club run by volunteer members (the Committee) on behalf of the members. As such the guiding principles for financial management are that: a) members trust other members; b) the governance structure will include reasonable safeguards against malfeasance; and c) the administrative burden of applying the financial procedures and controls should be commensurate with the benefit for members.
- 1.3 As the Club is also a company limited by guarantee, Committee members are also directors with responsibilities under UK Company Law. This requires Committee members to monitor the financial solvency of the Club and to file statutory accounts annually.
- 1.4 This policy set out the process for:
  - Financial oversight by the Committee and members
  - Setting and managing the annual budget and Capital Expenditure Plan
  - Preparing ten year forecasts and reviewing their results
  - Managing the financial risks inherent in major projects
  - Authorisation of financial payments.

## 2. Management Accounts

- 2.1 On a quarterly basis management accounts are prepared by the Bookkeeper, reviewed by the Treasurer and circulated to the Committee. Any significant variations from budget or prior periods are identified, investigated and their potential financial impact brought to the attention of the Committee.
- 2.2 The Club's financial year-end is 30th September. At financial year end a closing statement of income and payments, balance sheet and cashflow statement is prepared. This includes all income, charges and liabilities incurred by the Club during the financial year. These management accounts are reviewed by the Finance Committee prior to approval by the Club Committee and made available to Club members at the AGM. An Independent Examiner will prepare a report for Club members confirming that the statement has been correctly extracted from the underlying records.

## 3. Year-end statutory accounts

- 3.1 At the end of each financial year, the Treasurer prepares year-end Statutory Accounts in accordance with applicable financial reporting requirements based on the year end management accounts. These are also reviewed by the Finance committee and approved by the Club Committee. The Treasurer is authorised by the Club Committee to sign the Statutory Accounts prior to filing with Companies House. The Club is currently entitled to an exemption from external audit requirements under the Companies Act 2006. As directors, the Club Committee must confirm these conditions are met annually.

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## 4. Annual budget and forecasts

- 4.1 The budget for the prospective year is prepared after year-end by the Treasurer, reviewed by the Finance committee and approved by the Club Committee. It is based on historical results to date and projected recurring and non-recurring expenditure for the coming year.
- 4.2 The purpose of the **annual budget** is to set out a 12 month forecast of income and expenditure plan that enables the Committee to:
- i) Determine the appropriate subscription rates for the coming year.
  - ii) Pre-authorise regular and non-regular expenditure for the coming year.
  - iii) Establish the amount of cash available for capital expenditure in the next 12 months after allowing for the cash impact of (iii).
- 4.3 A **10-year financial forecast** should also be maintained by the Treasurer, with input from other Club Committee members as appropriate, and should project financial positions based on:
- i) Anticipated changes in income (e.g. membership numbers) or expenditure.
  - ii) Anticipated changes in costs of running the club activities and maintaining the courts, grounds and clubhouse.
  - iii) Timing of capital expenditure for replacement or addition of new assets and/or capital improvement projects.

The 10 year capital expenditure plan should be presented to club membership at each Annual General Meeting with the financial accounts. Approval of capital expenditure is made by the Club committee within the controls and authorities detailed in section 3.

- 4.4 Each area of the budget should be developed in sufficient detail with input from relevant members of the Club Committee as appropriate. It is recognised that all items cannot be projected during budgeting and expenditure authorisation has to cater for the unexpected.
- 4.5 The budget and forecasts assist the Committee in confirming the solvency position of the Club.

## 5. Authorisation of Expenditure

- 5.1 As part of the budget process the Treasurer, with input from the Committee, will allocate responsibility for management of specific costs to the relevant Committee members. Those Committee members will authorise invoices for payment for recurring or expected costs in accordance with the budget and the authorisation procedures set out below.
- 5.2 Any proposed new project, whether a new asset or replacement of an existing asset, with cumulative cost above £100,000 or representing greater than 50% of the Club's aggregated bank funds, must additionally be approved by a majority vote of the membership (at an Annual General Meeting or Extraordinary General Meeting). See Section 4 below.
- 5.3 Authorisation procedures for expenses included in the annual Committee approved budget are as follows:

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- i) For expenditure up to £1,000 the Committee member responsible for the area of activity, e.g. Director of Tennis for tennis related expenditure, Director of Clubhouse and Grounds for facilities-related expenditure, has sole authority.
  - ii) For expenditure above this amount the Treasurer must also give their approval for the invoice to be processed. Depending on the significance of the amount and the circumstances the Club Chairman may also be asked to provide additional approval at this stage.
- 5.4 If a proposed expense will result in specific costs exceeding the allocated year-to-date budget, then any further expenditure must be authorised by the Treasurer before it is incurred. If the unbudgeted expenditure exceeds £1,000, depending on the circumstances, the total amount and the overall financial position of the Club, the Chairman and/or the Committee may also be asked to approve the expense.
- 5.5 Email or written evidence of authorization with attached invoices or receipts is required for all expenditure under UK Company law. It is the responsibility of the approver to check that there is sufficient supporting evidence,
- 5.6 Actual variance to Committee approved budget analysis is reported to the Club Committee as noted above.

## 6 Additional procedures for major projects

- 6.1 From time to time the Club may agree that a major project is necessary to improve Club facilities for the long term. Whilst the project will be overseen by the Committee on behalf of members it is likely there will be a separate Project Committee. The policy for assessing, management and monitoring the associated financial risks are set out here.
- 6.2 Each new project should have a designated 'sponsor' who is accountable for the project working with the project committee. The project's business case and costings should demonstrate that the most suitable supplier has been sought, relevant insurances have been checked and any unavoidable potential conflicts of interest can be appropriately managed. Sponsors should use best judgement in determining when costings should be looked at individually or as part of a larger project. As a general rule, individual costings should be aggregated as a total project. Inter-dependencies and opportunities to spend Club funds to best advantage.
- 6.3 The project's business case and costings must be reviewed by the Committee and the Treasurer must update the annual budget and 10-year forecast process (see Section 4) to specifically identify the financial implications of the project for the Club. Once reviewed by the Committee it is presented to the membership (at an Annual General Meeting or Extraordinary General Meeting) for approval.
- 6.4 The project sponsor is responsible for confirming that the works have been completed in accordance with written agreements with contractors before invoices are presented for payment. Individual project expenses can then be approved in accordance with Section 5 above with the project sponsor as budget holder. However, if the sponsor is concerned that total costs may exceed the authorised project budget this should be escalated to the Treasurer as soon as possible and before any further, avoidable expenses are incurred. The Treasurer will then consider appropriate steps in conjunction with the Club Chairman and Committee as appropriate.

## 7 Banking Arrangements

- 7.1 The Club maintains a number of bank accounts for different purposes. Its principal

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banker is Lloyds although the Treasurer may authorise the establishment of other banks and money market funds if considered appropriate to manage the Club's finances and diversify financial risks.

7.2 The main bank accounts used are as follows:

- a) The Club's current account is used for paying all expenses that have been approved in accordance with the procedures outlined above. Whenever possible, direct debits are set up for regular payments.
- b) The bar bank account is linked to the clubhouse's SumUp machine and therefore records income from the bar, social events and tennis ball sales. It is regularly monitored by the Bookkeeper and the balance swept into other bank accounts. No payments can be made by the SumUp machine and no other payments are made out of this bank account.
- c) The subscriptions bank account collects subscriptions from our payment agent. The balances are swept out to other accounts periodically. No other payments are made from this account.

7.3 Other bank accounts may be used to manage the Club funds and earn interest on any temporary cash surpluses.

7.4 Bank statements are uploaded and reconciled to the Club's records regularly by the Bookkeeper and periodically reviewed by the Treasurer.

7.5 It is the Club's policy that all payments are made electronically. The Bookkeeper is able to make payment on their signature only up to £5,000. Any payments above that amount must have a second signature from a member of the Committee.

## 8 Reimbursement of expense claims

8.1 The Club trusts its members, volunteers and those providing services to the Club to claim only for expenses incurred for the benefit of the Club. Any claim must be made using the expense claim form (found on the club website at **TO ADD HYPERLINK**) and with **supporting documentation attached**. Expense forms include a statement that the person making the claim has incurred the expenditure and all the items were made available for the benefit of the Club.

8.2 Claims must be approved by a Committee member. These will typically be the Clubhouse & Grounds Director (facilities expenses), the Chair of Tennis (tennis-related expenses), the Social Secretary or the Treasurer. Expense claims made by one Committee member must be authorised by another Committee member<sup>1</sup>.

## 9 Receipts

9.1 The Club's policy is to move away from cash and to encourage the use of card whenever possible. The Club's SumUp machine enables members to pay for bar food and drinks, tennis balls and social activities efficiently and securely by card. The establishment of MyCourts prepaid members accounts enables automatic payment for floodlights, cancellation fees and visitor fees. The bank accounts used to support these services are set up not to allow any cash payments without appropriate authorisation.

9.2 If members use cash to make payments, they must lodge the money in the honesty box

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<sup>1</sup> This policy is consistent with the Club's Articles of Association. Article 11 sets out how potential or actual conflicts of interests of Club Committee members as directors are managed.

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on the kitchen wall. Any cash received when the bar is open should be recorded by the person operating the bar. Cash is still required for the vending machine. All cash received at the clubhouse is regularly collected and banked by the Facilities Manager.

- 9.3 To check all membership fees have been received a quarterly reconciliation to compare fees due to those received is prepared by the Bookkeeper and reviewed by the Membership Director and/or the Treasurer.
- 9.4 There are separate processes for collecting other income due to the Club which are managed by the Bookkeeper and overseen by the Committee.

## 10 Accounting for financial transactions

- 10.1 All of the Club's transactions and supporting documentation are recorded in the club's accounting system (Zero) and maintained by the Bookkeeper. The Treasurer can also investigate specific transactions, payments or receipts and run reports on Zero. Access is also provided to the Independent Examiner and can be provided to other Club Committee members if appropriate.