

Annual Report on Financial Management of Accounts

Introduction

This is an independent review of the financial position of the club, the management of the two main bank accounts and the current procedures for authorising and monitoring payments from these accounts. Although not a formal audit, a summary check on the financial position of the club as reported in the National Treasurer's and National Trips Treasurer's reports was also made.

Procedures

Financial Statements for 2024 and earlier years plus copies of the spreadsheets used for the accounting procedures for both accounts were provided by the two Treasurers; these were compared with sample bank statements for both current and deposit accounts and sample documentation including receipts, invoices and relevant minutes of the National Committee. Both Treasurers also gave a detailed summary of the procedures they had in place for controlling the relevant accounts and provided samples of the relevant documentation

Summary Conclusions

Both accounts appear to be well managed. The spreadsheets provided gave clear descriptions of all income and expenditure generally backed up by relevant documentation where appropriate. Procedures, both formal and informal, for controlling accounts and authorising payments follow the guidelines laid out in Section G paragraph 7 and Appendix 3 of the May 2024 Club Policies.

Cash Flow Statements

Although not a formal audit, the financial reports provided for 2024 appear to present an accurate description of the 2024 financial transactions.

Suggestions for future consideration

The committee may wish to consider some possible changes to the mechanisms for control and documentation. Currently the accounts are well managed at present and this is not an issue. Current procedures work well and provide clear information but it may be beneficial to review and formalise some of these procedures, partly to improve clarity but also for protection of the relevant officers in cases of any future disputes.

Management and Monitoring of Bank transactions

All four accounts (Main and Trips both Current and Deposit) are currently accessible by three officers (both treasurers and the assistant secretary). Currently there is a verbal agreement that only the Treasurer will make payments and transfers from the two main accounts and the Trips Treasurer from the two trips accounts. It would protect both officers if this were formalised, perhaps by an amendment to Section G paragraph 7 of the May 2024 Club Policies:-

- *the main club finances (managed by the club treasurer who is the only officer authorised to make payments from this account under the conditions set out in Appendix 3).*

This account will also hold amounts donated to the Action Fund. Annual accounts presentations will distinguish between these and general funds.

- *club funds not required for current use – a Savings Account (managed by the club treasurer);*
- *national trips (managed by the Trips Treasurer **who is the only officer authorised to make payments from this account (under conditions as per ?? – see below).***

In exceptional circumstances the Secretary may authorise an alternative officer to temporarily make payments from either account

In addition, external monitoring could be provided by a formal requirement for a third designated member of the committee (assistant secretary?) to view and sign off the bank statements for the four accounts on a regular basis

Role of National Trips Treasurer

Appendix 3 of the Club Policies gives guidance and detail of the parameters under which the National Treasurer operates. There does not appear to be a similar detail for the National Trips Treasurer, although these are listed in the draft job description of the role. It would clarify the role if these were included in the Club Policies document in a similar format as for the National Treasurer.

Separation between Trips account and Main account

There have been inconsistencies in the past between the operation of the two accounts; these now appear to have been corrected and both accounts are now clearly separated. However, there appear to still be some areas where the interaction between the two accounts could be better clarified:

- i. There are still occasional minor errors where trips expenditure and income are coming from the wrong account. These have been corrected by an appropriate transfer of funds. Although it is probably unavoidable that this will occur in future, it would add clarity if the transfer were clearly referenced in the originating account to the erroneous income or expenditure, and similarly in the recipient account with exactly the same descriptive reference.
- ii. There has been a crossover in the past between the two accounts for Income and expenditure for The Annual Gathering. The Gathering has been run out of the trips account for 2024 and (projected) 2025, with the deficit (£686 in 2024) transferred from the main account. This appears to be a far clearer way of managing this event. The Club Policies still specify the Main Treasurer as the financial manager (Appendix 3, paragraph 5). Perhaps this needs to be amended, with consideration given as to whether the Main Treasurer should be responsible for this and whether it is wise to commit to an unrestricted expenditure of an unspecified sum.
- iii. There does not seem to be any formal mechanism for incorporating surplus from the trips account into the main account, although the transfer of any surplus of £2,000 is referred to in the draft Trip Treasurer's job description. This seems to be a rather arbitrary amount given that the turnover on one trip has been more than this in the past. There are, however, substantial surpluses in both the deposit and current trips accounts, which are currently not reflected in the overall financial health of the organisation; see below for suggestions that may be considered.

Treasurers' Reports

Both reports give a clear summary of the annual expenditure for the year, with clearly defined areas for the sources of income and expenditure. In the notes, reference is made to current balances with some detail of future commitments, however, balances are not related to specified commitments. There is therefore no detailed report in the form of a conventional balance sheet giving a clear picture of the overall financial position of the organisation. The committee may wish to consider specifying a future summary report for each year reporting on the financial situation at the end of the financial year

- Cash in hand in the current and deposit accounts
- Any outstanding commitments due from each account (eg – outstanding invoices, early payments to be carried forward for the following year's trips etc.)
- Any outstanding credits for each account
- Final balance, i.e. uncommitted funds at end of year

Probably preferable if Main and Trip accounts were summarised in the one statement, giving an overall summary of the financial position at the end of the financial year.

In conventional accounting procedures these figures are given for the current and preceding year for comparison. If a report of this form is adopted it may not be possible to include a preceding year in the first instance.

The £2000 transfer between accounts discussed under iii in the previous section may then be replaced by an annual item on the AGM, to discuss and agree the amount to be transferred dependant on the health of the trip account and the future commitments.

Deposit Accounts

As of January 20th 2025 the four accounts held a total balance of just under £40,000. Although not an uncommitted surplus (see above), this is a substantial amount in the context of the current annual expenditure of each account, which is in the region of £10,000. I gather this is discussed in the Treasurer's report, with a view to using any surplus to offset any future rise in costs. Currently about £35,000 of this is in deposit accounts, which appear to offer 1.47% apr. If it is decided that some of these monies are not likely to be called upon in the immediate future, it would be worth considering moving them into a higher interest fixed term or 180 day notice fixed rate interest account currently paying up to 4% apr.

Postscript

I'm grateful to both treasurers for their assistance, and for the clarity of both their accounting and monitoring procedures, which have given considerable clarity to the accounts and reports for this year (2024) . As mentioned, this is not a formal auditors report, and I am not qualified to provide one. However, it may be worth looking into the cost of having a regular formal audit by a qualified auditor. This can be expensive, perhaps to be considered as a 'one off' in some future year.

Brian Greer
March 4th 2025