

Avon Dassett Community Benefit Society Limited Internal Regulations



Update Schedule

<u>Version</u>	<u>Approval Date</u>	<u>Description / Reason for Revision</u>
Version 1	27 July 2021	Approval by Management Committee
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1. Introduction

Avon Dassett Community Benefit Society Limited (the “Society”) has formally adopted the Model Rules for Community Ownership as sponsored by the Plunkett Foundation. These have been approved by the Financial Conduct Authority (the “FCA”) and once formally adopted by the Society form the basis for registration with the FCA as a Mutual Benefit Society as well as the rules by which the Society is governed.

These internal regulations are designed to provide clarity where required, and to provide the infrastructure for the conduct of the affairs of the Society.

These internal regulations govern the conduct of all aspects of the internal management of the Society and may only be amended or varied by agreement at the Annual Members Meeting. The Management Committee is responsible in law for ensuring that it’s financial management is adequate and effective, and that the Society has a sound system of financial controls which facilitate the effective exercise of the Society’s functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. Where these regulations are of a financial nature, they are designed to demonstrate how the Society meets these responsibilities.

It is the duty of the Management Committee to review these Internal Regulations of the Society at least every 2 years. The Treasurer and Secretary will make arrangements to monitor changes in legislation or proper practices and will advise the Management Committee of any requirement for a consequential amendment to these Internal Regulations.

2. Financial Management

Expenditure and Management Committee Reporting

- a) The Treasurer may incur expenditure on behalf of the Society which is necessary to carry out any repair replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £250 (two hundred and fifty pounds). The Treasurer shall report the circumstances and any actions to the Management Committee by email as soon as practicable thereafter and also report the nature of the expenditure to the next meeting of the Management Committee.
- b) The Treasurer will provide the Management Committee with financial year-to-date reporting of the Society’s Balance Sheet, Trial Balance, and a Profit & Loss at every meeting, together with a detailed report of payments and receipts since the previous meeting. These reports will be formally accepted by the Management Committee, and this will be duly minuted.
- c) As required by the Management Committee the Treasurer will provide cash flow reporting of both previous and future cash flow movements. This reporting will, where appropriate, separately identify contractual and expected movements.
- d) No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Management Committee is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
- e) All capital works shall be administered in accordance with the Society’s standing orders and financial regulations relating to contracts.

Accounting and Audit

AVON DASSETT COMMUNITY BENEFIT SOCIETY LIMITED
Registered Office: The Reading Room, Avon Dassett, Southam, CV47 2AL

- a) All accounting procedures and financial records of the Society shall be determined by the Treasurer in accordance with the Accounts and Audit Regulations. The accounting system must be capable of supporting both the financial and management information requirements of the Society.
- b) The Treasurer will submit to the Management Committee reporting as at the end of the financial year for review and approval prior to the release of the accounting records to the Accountants for the preparation of the year end accounts.
- c) The Treasurer shall ensure that the accounting information of the Society is submitted to the Accountants within the required timescales to ensure compliance with the Society's statutory obligations.
- d) The Treasurer shall ensure that there is adequate and effective system of financial controls covering the Society's accounting and financial operations in accordance with proper practices. Any officer or member of the Management Committee shall, if the Treasurer or Accountants requires, make available such documents of the Society which appear to the Treasurer or Accountants to be necessary for the purpose of the production of the annual accounts and shall supply the Treasurer or Accountants with such information and explanation as the Treasurer or Auditor considers necessary for that purpose.

Banking Arrangements and Cheques

- a) The Society's banking arrangements, including the Bank Mandate, will be made by the Treasurer, and approved by the Management Committee. They will be regularly reviewed for efficiency.
- b) The Society will agree a panel of signatories appropriate for the operation of the Society's banking activities. All cheques drawn on the Society's banking accounts will be signed by 2 authorised signatories of which one must be either the Chairman, Vice Chairman, Treasurer or Secretary.
- c) Payments may also be authorized by Internet Banking transfer, standing order or direct debit, signed by two authorised signatories.

Payment Of Accounts

- a) All payments must be made by cheque, Internet Banking or other order drawn on the Council's bankers.
- b) All invoices for payment will be examined, verified, and certified by the Treasurer. The Treasurer will satisfy himself / herself that the work, goods, or services to which the invoice relates will have been received, carried out, examined, and approved.
- c) The Treasurer will examine invoices in relation to arithmetic accuracy and will analyse them to the appropriate expenditure heading. The Treasurer will take all steps to settle all invoices submitted, and which are in order, at the next available Management Committee Meeting.
- d) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Management Committee, where the Treasurer certifies that there is no dispute or other reason to delay payment, the Treasurer may take all steps necessary to settle such invoices provided that a list of such payments will be submitted to the next appropriate meeting of Management Committee.
- e) If thought appropriate by the Society, payment for utility supplies (energy, telephone, and water) may be made by variable Direct Debit provided that the instructions are signed by authorised signatories of which one must be either the Chairman, Vice Chairman, Treasurer or Secretary. The approval of the use of a variable Direct Debit will be renewed annually by the Management Committee.
- f) As required in Section 2b above the Treasurer will provide the Management Committee with a schedule of payments and receipts for approval at each meeting.

3. Payment of Salaries

- a) As an employer, the Society will make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries will be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries will be as agreed by the Management Committee.

- b) Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance, and pension contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Management Committee meeting.

4. Loans and Investments

- a) All loans and investments will be negotiated in the name of the Society and will be for a set period in accordance with Society policy.
- b) The Management Committee council will consider the need for an Investment and Reserves Policy which, if drawn up, will be in accordance with relevant regulations, proper practices, and guidance. Any Policy will be reviewed at least annually.
- c) All investments of money under the control of the Society will be in the name of the Society.
- d) All borrowings will be affected in the name of the Society, after obtaining any necessary borrowing approval. Any application for borrowing approval will be approved by the Management Committee as to terms and purpose. The terms and conditions of borrowings will be reviewed at least annually.
- e) All investment certificates and other documents relating thereto will be retained in the custody of the Treasurer.

5. Income

- a) The collection of all sums due to the Society will be the responsibility of and under the supervision of the Treasurer.
- b) Particulars of all charges to be made for work done, services rendered, or goods supplied will be agreed annually by the Society, notified to the Treasurer and the Treasurer will be responsible for the collection of all accounts due to the Society.
- c) The Management Committee will review all fees and charges annually, following a report of the Treasurer.
- d) Any sums found to be irrecoverable, and any bad debts will be reported to the Management Committee and will be written off in the relative financial year.
- e) All sums received on behalf of the Society will be banked intact as directed by the Treasurer. In all cases, all receipts will be deposited with the Society's bankers with such frequency as the Treasurer considers necessary.
- f) The origin of each receipt will be entered on the paying-in slip.
- g) Personal cheques will not be cashed out of money held on behalf of the Society.
- h) The Treasurer will promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 will be made at least annually coinciding with the financial year end.
- i) Where any significant sums of cash are regularly received by the Society, the Treasurer will take such steps as are agreed by the Society to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

6. Orders For Work, Goods and Services

- a) An official order or letter will be issued for all work, goods, and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders will be retained.
- b) Order books will be controlled by the Treasurer.
- c) The Management Committee is responsible for obtaining value for money at all times and will ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining quotations or estimates from appropriate suppliers in accordance with section "j" below.
- d) The Treasurer will verify the lawful nature of any proposed purchase before the issue of any order.

7. Contracts

Procedures as to contracts are laid down as follows:

- a) Every contract will comply with these financial regulations, and no exceptions will be made otherwise than in an emergency provided that these regulations will not apply to contracts which relate to items (i) to (v) below:
 - i) for the supply of gas, electricity, water, sewerage and telephone services;
 - ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
 - iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Society;
 - v) for goods or materials proposed to be purchased which are proprietary articles and/or are only at a fixed price

- b) Where it is intended to enter into a contract:
 - i) exceeding £30,000 (thirty thousand pounds) in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Treasurer will invite tenders from at least three firms.
 - ii) not exceeding £30,000 (thirty thousand pounds) but more than £5,000 (five thousand pounds) in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Treasurer will invite tenders from at least two firms.
 - iii) for less than £5,000 (five thousand pounds) in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Treasurer will invite tenders from at least one firm.

- c) In exceptional circumstances when applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the specific agreement of the Management Committee will be sought.
- d) Invitations to tender will state the general nature of the intended contract and the Treasurer will obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation will in addition state that tenders must be addressed to the Treasurer in the ordinary course of post.
- e) If less than three tenders are received for contracts above £60,000 (sixty thousand pounds) or if all the tenders are identical the Management Committee may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- f) The Society will not be obliged to accept the lowest or any tender, quote, or estimate.

8. Payments Under Contracts For Building Or Other Construction Works

- a) Payments on account of the contract sum will be made within the time specified in the contract by the Treasurer upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- b) Where contracts provide for payment by instalments the Treasurer will maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report will be submitted to the Management Committee.

- c) Any variation to a contract or addition to or omission from a contract must be approved by the Management Committee Society. The Treasurer will confirm the variation to the Contractor in writing.

9. Stock and Equipment

- a) The Treasurer will be responsible for the care and custody of all stock and equipment owned by the Society.
- b) Delivery Notes will be obtained in respect of all goods received into stock or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- c) Stocks will be kept at the minimum levels consistent with operational requirements.
- d) The Treasurer will be responsible for periodic checks of stocks and stores at least annually.

10. Assets, Properties and Estates

The Treasurer and Secretary will make appropriate arrangements for the custody of all title deeds of properties owned by the Society. The Treasurer and Secretary will ensure a record is maintained of all properties owned by the Society, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.

No property will be sold, leased, or otherwise disposed of without the authority of the Management Committee, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £50.

The Treasurer will ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register will be verified annually.

11. Insurance

The Treasurer will regularly review with the Secretary all aspects of Society risks, properties or vehicles which require to be insured and of any alterations/ changes affecting existing insurances.

The Treasurer will keep a record of all insurances effected by the Society and the property and risks covered thereby and annually review it.

The Treasurer will be notified of any loss liability or damage or of any event likely to lead to a claim and will report these to Management Committee at the next available meeting.

All appropriate employees of the Society will be included in a suitable fidelity guarantee insurance which will cover the maximum risk exposure as determined by the Society.