

Finance Manual

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Introduction

1.1 The Union

- 1.1.1 Imperial College Union (also referred to as the Union or ICU) is an unincorporated association constituted by virtue of the Royal Charter establishing the Imperial College of Science, Technology and Medicine (the 'College') and under the terms of the College's statutes derived from that Charter and a Constitution approved by the College Council.
- 1.1.2 The Union is currently an exempt charity. An application for registered charity status, involving regulation by the Charity Commission, is planned for 2011.

1.2 Context of Guidance

- 1.2.1 This guidance is intended to complement the Union Financial Regulations which are approved by Union Council. In case of any conflict between this Manual and these regulations, the latter shall take precedence.
- 1.2.2 This manual is intended to provide comprehensive documentation of the strategic and operational financial management systems in operation for the use of staff and trustees. It sets out the basic principles that govern the conduct of the affairs of the Union as well as detailing the financial procedures operating at ICU.
- 1.2.3 This manual is reviewed annually by the Executive Committee and Trustee Board. If, during the interim period, any amendments or addendums are required then these will need to be approved also. Any changes should be identified via the re-dating of the manual and the maintenance of a log recording the changes. The Manual should then be re-circulated.
- 1.2.4 Staff members must follow these procedures and ensure that they have the most recent version available. Failure to follow these procedures could result in disciplinary procedures being commenced.

Introduction cont...

- 1.2.5 Separate guidance is available for Chairs and Treasurers of Clubs, Societies and Projects, which can be found at: www.imperialcollegeunion.org/training.

1.3 **Contacts**

- 1.3.1 If you need help with anything related to what is contained in this Manual, you can get in contact with the Finance Department, Deputy President (Finance & Services) or General Manager.

Financial Governance

2.1 Introduction

2.1.1 This section provides an overview of the key areas of responsibility relating to the financial governance and oversight of the Union.

2.2 President

2.2.1 The President is ultimately responsible for the finances of the Union. The responsibility for the day-to-day administration of the finances of the Union is delegated by the President to the Deputy President (Finance and Services). Day-to-day responsibilities may be allocated by the President to suitable members of staff.

2.3 Trustee Board

2.3.1 The Trustee Board is the sovereign and governing body of the Union and exercises all the powers of the Union, subject to the provisions of this Constitution and its Regulations. The Board is made up of lay trustees, elected student trustees, the President, Court Chair, Council Chair with the Sabbatical Officers, General Manager and Honorary Senior Treasurer being permanent observers.

2.3.2 As established in Regulation One of the Union, the Union's Trustee Board shall be responsible in particular for:

- The Union's long term objectives and strategy;
- The Union's operating and capital expenditure budgets and any significant changes in them;
- Strategic oversight of the Union's operations (both voluntary and commercial), including competent management, sound planning, adequate systems of internal control, adequate accounting, risk management and compliance with statutory and regulatory procedures;
- Personnel, particularly strategic re-organizations;
- Health and Safety;
- Investment or borrowing of Union funds; and
- Reviewing performance in light of the Union's strategic direction.

Financial Governance cont...

2.3.3 The Trustee Board shall:

- Approve the Union's Annual Report, budget and accounts;
- Approve any significant change in accounting practices;
- Approve any major capital project and contract which is significant strategically or by its size;
- Approve the remuneration of the Sabbatical Officers and Union General Manager; and
- Be responsible for approving without delegation any capital project or contract valued in excess of £1,000,000.

2.4 Honorary Senior Treasurer

2.4.1 The appointment of the Union Honorary Senior Treasurer shall be determined by the Trustee Board on the advice of the Executive Committee and approved by the Rector or his or her nominee and he or she shall:

- Act as a payment authority for the main Union bank accounts;
- Ensure, on behalf of the College, that the Union Financial regulations are observed;
- Be a Permanent Observer of the Trustee Board, Council and Executive Committee;
- Ensure that all books and financial records pertaining to the Union are submitted to the Clerk to the College Council within 45 days of the end of the financial year;
- Be responsible for ensuring that any anomaly or discrepancy in the financial management of the Union is reported to the Deputy President (Finance and Services);
- If no satisfactory outcome results, the matter shall be reported to the President, and, if appropriate, to the College Internal Audit section and the Rector; and
- Exercise office for a maximum of five years.

Audit and Accounts

3.1 Key responsibilities

- 3.1.1 The Education Act 1994 and charity law require the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Union and of the surplus or deficit of the Union for that period. In preparing those financial statements, the Trustees are required to ensure that they have:
- Selected suitable accounting policies and apply them consistently;
 - Made judgements and estimates that are reasonable and prudent;
 - Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
 - Prepared the financial statements on a going concern basis; and
 - Assured themselves that the Union is a going concern.
- 3.1.2 The Executive Committee will be asked by the external auditors to sign a letter of representation each year, which acknowledges their responsibilities to this effect.
- 3.1.3 Charity reporting regulations, including the Statement of Recommended Practice (SORP), place financial reporting obligations on charity trustees. The main obligation of charity trustees in preparing accruals accounts is to give a true and fair view of the charity's incoming resources and application of resources during the year and of its state of affairs at the end of the year.
- 3.1.4 The Union's accounts shall be approved by the Trustee Board and the College Audit Committee prior to approval by the Imperial College Council, and made available to the public following audit.
- 3.1.5 Accounts should be submitted to the Executive Committee for approval and signed by the Honorary Senior Treasurer and President, in line with the timetable to be devised each year by the Finance Department.
- 3.1.6 The Finance Department shall co-ordinate the year-end processes required to produce a draft set of accounts in line with relevant accounting guidelines (including SORP 2005), in line with the relevant approval and audit timetables.

Audit and Accounts cont...

3.2 Format of accounts

- 3.2.1 The financial year runs from 1 August to 31 July.
- 3.2.2 From the year-ended 31 July 2012 the Union will produce SORP 2005 compliant annual reports and financial statements as appropriate for registered charities, replacing the traditional unincorporated and exempt charity students' union format.
- 3.2.3 Charity accounts are comprised of a Statement of Financial Activities (SOFA), Balance Sheet and related notes. The SOFA is similar to an Income and Expenditure statement (A template example of a SOFA has been included at Appendix E). A key area of difference is that expenditure needs to be presented across the following categories within charity accounts:
- Costs of generating funds (which would include the cost of sales for commercial activity);
 - Charitable activities (which would typically cover the majority of expenditure, being activities delivered for the benefit of students); and
 - Governance costs (related to the oversight of the entity to allow it to operate and to generate information for public accountability, such as audit and accountancy, legal advice to trustees and costs of trustees meetings).
- 3.2.4 The balance sheet presents recognised assets and liabilities, and the different categories of fund (including unrestricted funds and any restricted or designated funds), as at 31 July. Fund categories can be defined as follows:
- Restricted funds relate to income for which conditions or terms have been imposed which restrict the way in which the money can be used, such as in relation to any capital grants or any specific activity-related grant;
 - Unrestricted funds relate to remaining areas of activity. Student unions typically classify their block grant and commercial income, and therefore most areas of activity, as such; and
 - Designated funds relate to any unrestricted funds which the Union has decided to ring fence for specific purposes. This can help to identify the funds which are available as 'free' reserves for spending, or use as a contingency.

- 3.2.5 The Executive Committee has determined that the reserves policy for the Union should be to maintain 'free' reserves that are capable of:
- Ensuring that free funds are available to repair, upgrade or replace facilities and equipment as needed; major developments will have their own designated funds and are thus excluded from 'free' reserves;
 - Ensuring that staff are able to be paid full entitlements in the event of catastrophic trading failure or reduced support from the College leading to their redundancies; and
 - Ensuring that clubs and representation activities are able to be maintained for a full academic year in the case of reduced support from College.
- 3.2.6 The accounts should be presented together with an annual report, which should be presented in line with the reporting requirements outlined in the SORP.
- 3.2.7 For full guidance on disclosure requirements, please refer to the SORP, which is available as a document on the Charity Commission website: <http://www.charitycommission.gov.uk/Library/guidance/sorp05textcolour.pdf>

3.3 External audit

- 3.3.1 The Union's Annual accounts must be audited by the external auditor, whose principal task is to certify that the Union's Accounts give a true and fair view of the Union's financial affairs.
- 3.3.2 The External Auditor is appointed by Trustees and must be a member of a body of accountants recognised by English Law. To ensure independence, no person may be appointed auditor who is, or any one whose partners is, a member (including a life member) of Imperial College Union.
- 3.3.3 The external auditors of ICU are currently:
Knox Cropper
8/9 Well Court
London, EC4M 9DN

Audit and Accounts cont...

- 3.3.4 The remuneration of the auditor in respect of duties as Auditor of the Imperial College Union is agreed from time to time between the Trustee Board and the Auditor and is paid by ICU and reimbursed by College after an invoice is issued to them upon receipt of the external auditors invoice.
- 3.3.5 The External Auditor has the right of access at all reasonable times to the books, records, accounts and vouchers of Imperial College Union and of all the clubs and societies, projects and other volunteer run activities such as RAG. The External Auditor is entitled to request from relevant officers such information and explanation as may be necessary for the performance of auditing duties.
- 3.3.6 The External Auditor makes a report at least once in every year, and a copy of the accounts of Imperial College Union together with the Auditor's report is presented to the University.
- 3.3.7 The provision of external audit services should be reviewed at least every five years.
- 3.3.8 The draft accounts shall be supported each year by an audit file – prepared by the Finance Department - in order to provide the backup and detail of all balances. The content of this file should be in line with any deliverables list obtained from the external auditor. The content of such a file would normally be expected to include copies of (or cross references to):
- Draft copy of financial statements;
 - Copy of Trial Balance, referenced to the accounts;
 - Month 12 Management Accounts, including any variance reports;
 - Details of any significant estimates and workings;
 - Fixed asset register;
 - List of debtors and creditors;
 - Back up for significant items (e.g. VAT return for VAT liability);
 - Year-end stock count records;
 - Key control account reconciliations;
 - Details of any provisions and any other balance sheet items;
 - Key contracts and agreements (e.g. grant notifications);
 - Copies of bank and investment statements;
 - Year-end bank reconciliation and supporting information (e.g. un-presented cheques and petty cash reconciliation sheets); and
 - Access to purchase ledger, sales ledger invoices and journal files.

3.4 Internal audit

- 3.4.1 The internal audit function is contracted out to an external service provider currently Deloitte, through the College. The Union is not part of the Imperial College Group but is subject to internal audit.
- 3.4.2 The University's Internal Audit Service shall have the same rights of access to the Union as it has to other parts of the College for the purposes of fulfilling its remit.

Financial Management, Accounting Records and Coding Structure

4.1 Finance Department

- 4.1.1 The Finance Department comprises of a Finance Manager and four Finance Officers with job descriptions in place defining the specific roles and responsibilities of each post.
- 4.1.2 The Finance Manager oversees all aspects of the finance function which includes:
- Being responsible for the administration of the financial affairs of the Union;
 - Provide financial advice to the Trustee Board and its officers;
 - Design, implement and supervise financial control systems;
 - Prepare and maintain such accounts, estimates, records and reports as the Trustee Board may require for the purpose of carrying out its duties; and
 - Ensure that existing and new members of staff are informed of their responsibilities.

4.2 Financial Records

- 4.2.1 Financial information is recorded using the SAP system.
- 4.2.2 The Finance Department is responsible for the secure storage of financial records and banking stationery.
- 4.2.3 ICU is required to retain books and records for a period of seven years.
- 4.2.4 The financial reporting responsibilities of the Finance Department include preparing annual financial accounts and monthly management accounts, and reconciling control accounts to ensure that all relevant financial information is recorded on SAP.
- 4.2.5 The Finance Department is also required to prepare various statutory returns on a quarterly/annual basis. These are detailed in section 14 of this manual.

4.3 Accounts Structure

4.3.1 The Union undertakes a range of activities. Each transaction needs to be recorded according to its Natural Account, (e.g. stationery) and Cost Centre and allocated to accounting categories based on a 10 digit format, which is broken down into five elements, in line with the following format:

Component	Digits	Cross Reference to listing
Natural Account	First 3 digits	Appendix A
Cost Centre	Second set of 3 digits	Appendix B
Activity	Third set of 2 digits	Appendix C
Funding Code	Penultimate digit	Appendix D
Consolidation	Final digit	Appendix D

Budget Setting and Budgetary Control

5.1 Preparation and Approval of Budgets

- 5.1.1 The Union's proposed annual budget is reviewed by the University through the annual Planning Round. The Union's Trustee Board is responsible for monitoring the Union's expenditure against its annual budget and for reporting any fraudulent or irregular procedures in the management of public funds and those resulting from the Union's trading activities to the University's Internal Auditors.
- 5.1.2 A timetable will be set each year for the commencement of the annual budget setting process, including a deadline for when the initial drafts should be completed. This should be with a view to approved budgets being in place no later than the end of the summer term of the preceding year.
- 5.1.3 Individual budget holders prepare and present drafts of their respective budgets based on monthly forecasts for the year. These are presented to the Finance Manager, President and General Manager before incorporation into the overall budget. Budget holders shall retain copies of workings and assumptions to support subsequent analysis.
- 5.1.4 For Clubs, Societies and Projects, Chairs and Treasurers will submit a request for grant money from the Union in January each year towards the costs of planned activities for the next academic year. Grant allocations are confirmed during the summer term. Further guidance is available for these Groups at: www.imperialcollegeunion.org/training.
- 5.1.5 The Finance Team will co-ordinate the collation of the annual budget following agreement of the overall grant from the University and after taking into account specific projects funded by the University.
- 5.1.6 Such budgets will:
- Be in accordance with the aims and objectives of the Union;
 - Accord with workload and staffing plans;
 - Be produced following discussions with appropriate budget holders;
 - Enable the Union to achieve its strategic and operating targets
 - Be prepared within the limits of available funds; and
 - Identify potential risks.

- 5.1.7 The draft budget is presented to the Executive Committee for approval. As set out in the Constitution, the Executive Committee is required to propose a consolidated income and expenditure budget and a capital expenditure budget for each financial year not later than the end of the summer term in the previous year.
- 5.1.8 Budgets may be revisited and re-circulated following any in-year review of performance against budget.
- 5.1.9 The proposed budgets shall be approved by the Trustee Board, after ratification by the Council.
- 5.1.10 The approved budgets (or individual items within them) may be varied only with the authorization of the President for amounts up to £5,000 and the Executive Committee for all amounts in excess of this. The President may delegate authority to vire to appropriate Officers or Committees.

5.2 Budget Management and Delegation

- 5.2.1 The Executive Committee shall monitor the performance of the Union against budget during the financial year and may review the budgets in line with forecasts.
- 5.2.2 It is the responsibility of every budget holder to ensure that expenditure committed from his/her budget complies with the Union financial procedures. Budget holders must also ensure that the handling of income complies with the Union financial procedures.
- 5.2.3 The delegation of budgetary responsibility is given to named budget holders and must be accompanied by a clear definition of:
- The amount of the budget;
 - The purpose(s) of each budget heading;
 - Individual and group responsibilities;
 - Authority to exercise virement;
 - Achievement of planned levels of service; and
 - The provision of regular reports.

Budget Setting and Budgetary Control cont...

- 5.2.4 Each Budget Holder is responsible for ensuring that:
- Any likely material overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the President; and
 - The amount provided in the approved budget is not used in whole or in part for any purpose other than specifically authorised subject to the rules of virement.
- 5.2.5 Clubs, Societies and Project groups must ensure that any costs over and above their grant allocation must be funded by self-generated income. There is no overdraft facility available to them. Further guidance is available at: www.imperialcollegeunion.org/training

5.3 Reporting Against Budget

- 5.3.1 The Finance Department is responsible for the issue of timely, accurate and comprehensive advice and financial reports to the Trustee Board on a quarterly basis and for quarterly review. Financial reports are also presented to each budget holder each month, covering the areas for which they are responsible.
- 5.3.2 The management accounts will detail all income and expenditure, highlighting material variances against budget. Budget holders are expected to provide explanations to the Finance Department and the General Manager for key variances.
- 5.3.3 A review of financial activity against budget is conducted on a monthly basis as part of the Business review meetings attended by budget holders, the Finance Manager and the General Manager.
- 5.3.4 Budget monitoring reports are used to inform the Trustee Board of the financial situation and how it is being managed. This will be in a form approved by the Committee, but would normally be expected to include the following information:
- Income and expenditure to date;
 - Balance sheet;

- Cashflow statement; and
- Explanations of any material variances from plan.

- 5.3.5 In order to ensure that the month end process runs smoothly and that all jobs are completed, a month-end closedown timetable is used (see Appendix E).
- 5.3.6 The Finance Team should process financial adjustments necessary to ensure that monthly reports include accrued financial information, to enable consistent month-on-month reporting. Key adjustments typically include:
- Accruals for any known items relating to the period, for which invoices have not yet been received;
 - Prepaid items, identified from relevant invoices; and
 - Journal adjustments for notional charges, such as the release of deferred capital grants and depreciation.
- 5.3.7 Finance will prepare management accounts including variance analysis provided by Budget Holders which can then be distributed to Managers and the Executive Committee.

5.4 Key Performance Indicators

- 5.4.1 The establishment of Key Performance Indicators (KPIs) can assist with budgetary control, by ensuring a system is in place to monitor whether suppliers are delivering value for money against objectives relating to their contracts.
- 5.4.2 Staff responsible for managing contracts with major suppliers, including the Commercial Services Manager, shall ensure that there is a system in place for monitoring supplier performance through the establishment and review of KPIs. Such KPIs could include areas such as:
- Defect monitoring;
 - Contract variations; and
 - Contractor performance (including response times).
- 5.4.3 A system shall be established to ensure that these are reported regularly to the General Manager.

Risk Management and Internal Financial Control

6.1 Introduction

6.1.1 The maintenance of a strong financial control framework helps the Union to ensure that financial risks are managed, and is required to facilitate the signing of the Risk Management Statement by the Trustees in the annual report as required by the SORP.

6.2 Risk Registers

6.2.1 The Trustee Board shall establish the overall internal control framework, including a risk register, which considers:

- The type of risks the Union faces;
- The level of risks which trustees regard as acceptable;
- The likelihood of the risks concerned materialising;
- The Union's ability to reduce the incidence and impact on the business of risks that do materialise; and
- The costs of operating particular controls relative to the benefit obtained.

6.3 Internal Financial Control

6.3.1 The General Manager and Finance Department shall:

- Clarify the responsibility of management to implement the trustees' policies and identify and to evaluate risks for their consideration;
- Communicate that Officers and employees have responsibility for internal control as part of their fiduciary duties and accountability for achieving objectives;
- Embed the control system in the Union's operations so that it becomes part of the culture of the organisation;
- Develop systems to respond appropriately and quickly to evolving risks arising from factors within the Union and to changes in the external environment; and
- Include procedures for reporting failings immediately to appropriate levels of management and the trustees together with details of corrective action being undertaken.

- 6.3.2 A risk officer shall be identified with responsibility for maintaining and updating the risk register. Any newly identified risks should be notified to the President to ensure that the risk register is up-to-date.
- 6.3.3 The risk register will be reported regularly to the Executive Committee to ensure that the register is up-to-date and that there is overall corporate ownership of the risk management process.

6.4 Managing Financial Risks

- 6.4.1 The key financial risks affecting the Union should be identified and prioritised through on-going review. The individual risks which are most likely to affect the Union can be identified in a combination of ways, including:
- Inherent risks of not meeting financial targets, including budget targets or KPIs, particularly those linked to Union objectives;
 - Areas affected by recent changes in systems or personnel, or regulations (e.g. resulting from any change in accounting standards or legislation);
 - Any unresolved internal control recommendations made by auditors, consultants or inspectors;
 - Areas which are inherently uncertain, or difficult to budget for, e.g. in relation to demand-led areas (e.g. trading) or a new, complex project which the Union does not have recent experience in delivering;
 - Areas subject to particular complexity from a technical and/or compliance aspect;
 - Areas where there is a higher inherent risk of misappropriation or fraud, e.g. stock or cash, payments to suppliers and expenses or payroll-related items (e.g. payments which are dependent on hours stated in timesheets); and
 - Any other specific issues identified relating to the Union.
- 6.4.2 The risks affecting the Union should be revisited continually in terms of their completeness, relevance, likelihood and potential impact. Risk ratings may change over time as a result of changes in these factors.

Risk Mangement and Internal Financial Control cont...

- 6.4.3 Many of the financial risks affecting the Union be addressed in part through controls referred to in this Manual. These have been cross referenced at Appendix G where appropriate, to contribute to the development of the financial risk register.
- 6.4.4 A suitable response should be identified to each identified risk, according to the level of risk. The response may involve the introduction of a new control, reference to an existing control or action to ensure that existing controls are complied with. A risk "owner" should be allocated to each response, with a timescale identified where appropriate.

6.5 Legal support

- 6.5.1 The General Manager (or their nominated delegate) is required to authorise the engagement of legal advisors for any specific circumstance.
- 6.5.2 The Solicitors of ICU are:
Davenport Lyons
30 Old Burlington Street
London
W1S 3NL
Tel: 020 7468 2600

Cash and Bank

7.1 Introduction

7.1.1 This section outlines the key processes in relation to investments, borrowing, bank and cash balances held.

7.2 Investment Arrangements

7.2.1 The Executive Committee shall be authorised to invest any surplus funds or reserves after taking reasonable professional advice.

7.2.2 The majority of the Union's investments are managed by the College Finance Division. The Executive Committee is responsible for ensuring that they are appropriately managed on the Union's behalf.

7.2.3 The Executive Committee shall periodically review management information presented via the College Finance Division. This may involve a consideration of the adequacy of:

- The level of investments held and their liquidity;
- The mix of investments;
- Risk profile of investment portfolio;
- Investment performance (e.g. against market performance); and
- Adequacy of management information.

7.3 Borrowing Arrangements

7.3.1 The Union shall not borrow any external funds without the prior written authorisation of the Trustee Board.

7.4 Bank Arrangements

7.4.1 Neither the Union nor any constituent part of the Union nor any individual acting on behalf of such a part may operate a separate bank account other than that authorised in advance by the Executive Committee, in accordance with operational policy.

Cash and Bank cont...

- 7.4.2 The Bankers of ICU are Natwest Bank. Finance maintain a bank admin file with details of all bank accounts and contact numbers and ensures that bank mandates are kept up to date. The mandates are amended annually when the new sabbatical officers take office and when new staff start or a new Honorary Senior Treasurer is appointed.
- 7.4.3 Weekly bank statements are obtained by logging onto Bankline (the Natwest online banking facility) with the paper copies being sent in the post.
- 7.4.4 All bank stationery is checked on a regular basis to ensure that adequate stocks are held (i.e. banking bags, paying in books, cheque books).

7.5 Cash Holding and Banking Arrangements

- 7.5.1 Other than trading outlets or reception for legitimate operational purposes (as determined by the Executive Committee), no constituent part of the Union may hold cash without the prior written authorisation of the Deputy President (Finance and Services). In the case of Clubs, Societies and Projects who individually receive cash or cheques, these should be taken directly to the bank, and receipt issued in line with the separate guidance provided in the Finance Operations Booklet for Clubs, Societies and Projects.
- 7.5.2 Cash takings shall be deposited with the Union's bankers within three working days of receipt and no expenditure may be incurred from cash receipts.
- 7.5.3 Members and employees may carry or hold cash or other valuables with due regard to the limits set from time to time by the Union's insurers. One person can carry up to £2,500, two people may carry up to £5,000 and for anything over £5,000 staff must be accompanied by two College Security staff.
- 7.5.4 When goods or services must be paid for by cash in hand, it is possible to obtain an imprest which is essentially a cash advance. Imprests may only be given to a Full Member of Imperial College Union who agrees to be held personally liable for the amount advanced (which would apply unless

otherwise covered by the Insurance arrangement referred to above). The cash advance is granted and then the receipts and any remaining cash must be returned to the Union.

- 7.5.5 When the takings are bagged and sealed, details of the outlet banking the cash, the date of the takings, the amount being banked and the bag number should be recorded, along with the deposit slip.
- 7.5.6 All cash and cheque receipts other than outlet takings are entered into the receipt book which is a sequentially numbered document. The receipt plus any back up documentation is entered onto SAP and then filed in the petty cash receipts file in chronological order. Such items will include sales ledger cheques, float returns, machine income, collections etc.
- 7.5.7 Other sundry receipts and sales ledger receipts paid directly into the bank account are entered by Finance directly from the bank statements.

7.6 Cash tills

- 7.6.1 ICU operates a number of tills in its retail outlets, bars, nightclub, reception and for special events.
- 7.6.2 All tills linked to the EPOS system must be cashed up after close of business after each shift in accordance with the procedure below:
- Cash & card takings are declared and a 'Z' reading (generated from EPOS) will be taken from each till;
 - The Z reading and paying in slip should be attached to the cash summary sheet, issued by Finance; and
 - Each outlet will perform its own banking.
- 7.6.3 For standard tills (e.g. those used for Ents), it is necessary to check the till roll to takings at the end of trading (or, in the case of admissions, issue numbered tickets and keep a stub in the till). In addition, reconciliation checks should be performed of total receipts, based on stock takes or other available information (e.g. a record of attendees). Where possible two people to cash up.

Cash and Bank cont...

- 7.6.4 Any discrepancies should be notified to the General Manager, Finance Manager and Deputy President (Finance and Services).
- 7.6.5 Finance shall then record actual takings onto SAP.
- 7.6.6 The amount of cash in each till must be closely monitored to ensure that unnecessarily large amounts of cash are not kept in vulnerable areas (i.e. tills). A maximum cash amount of £2,000 per till will apply to each outlet, if a till goes over the limit, a Manager must remove excess cash to a safe.

7.7 Cash Floats

- 7.7.1 Cash Floats are the permanent amounts of money issued to each department to enable everyday trading.
- 7.7.2 Cash is received at the Union's trading outlets. The Finance Office also carries an amount of cash that is used to issue change to trading outlets and pay cash expenses.
- 7.7.3 A float holder will be nominated for each float and be accountable for the float. Till Floats must be stored in the main department safe when not in use.
- 7.7.4 As an additional security check, the Finance Team will perform regular random checks of cash floats at the various outlets with the duty manager present, ensuring that cash held in the safe in each location matches the float on the system. The person carrying out the check should complete and sign a cash float reconciliation sheet which should be countersigned by the duty manager.

7.8 Cash security

- 7.8.1 As a security measure and in accordance with ICU's insurance conditions, all keys are kept with College Security in tagged bags.
- 7.8.2 The minimum number of people possible should have access to safe keys and combinations.
- 7.8.3 Each safe should have a safe record sheet. When monies or other valuables are deposited or withdrawn from the safes, the following must be recorded:
- Date
 - Value/description
 - Any reference/bag number
 - Department
 - Signature
 - Name
- 7.8.4 In addition, managers should ensure safe monies are checked and handed over with a safe check sheet signed at shift changes.
- 7.8.5 In respect of transport of monies collected at offsite venues, a minimum of two members of staff should be present to collect and transport this away at the end of the event. In addition, the money should not be taken home by any member of staff. It should be transported to the Union and stored securely.
- 7.8.6 If the values involved are high, management should give consideration to whether an external security firm should be hired to collect and safeguard the monies until the next working day.

Cash and Bank cont...

7.9 Bank Payments

- 7.9.1 All payments (cheques and other paper/electronic financial instruments) must be signed or otherwise authorised by the Union Honorary Senior Treasurer. In the absence of the Honorary Senior Treasurer, one of three nominees from the other Honorary Senior Treasurers may sign on his/her behalf.
- 7.9.2 All payments for amounts in excess of £1,000 shall be counter-signed by the President. In the absence of the President, one of three other nominees may sign on his/her behalf
- 7.9.3 The Executive Committee shall approve the nominee signatures on the recommendation of the Union Honorary Senior Treasurer and President respectively.

7.10 Bank Reconciliations

- 7.10.1 Bank reconciliations are prepared by using the facility on the SAP accounting package. Reconciliations are reviewed by the Finance Manager on a monthly basis in order to check if there are any old outstanding items.
- 7.10.2 As approved by the Executive Committee in April 2010, the policy for reissuing cheques is that those on the finance system which are greater than 9 months old will be cancelled on the finance system, and the money written back to the Club or Society issuing the payment. This process will be conducted on a monthly basis by the Finance Team.

Income

8.1 Introduction

8.1.1 The Union receives income through a variety of sources. This section outlines the key processes in relation to income received through sales invoicing, via the website and daily takings; as well as the process for debt recovery.

8.2 Sales invoicing

8.2.1 Sales invoices should be raised using the eActivitives online system.

8.2.2 All sales invoices raised are approved by the Finance Team before the user can download the final invoice. The Finance Team should check the sales invoice for accuracy, whilst ensuring that the VAT treatment is appropriate.

8.2.3 It is the responsibility of the the Clubs & Societies Finance Officer to approve sales invoices raised by Clubs, Societies & Projects. Sales invoices raised by staff members are approved by the Finance Team.

8.2.4 The sales invoice should be posted to the Sales Ledger.

8.3 Website income

8.3.1 Income over £2 (memberships) or £5 (other, including event ticketing) can be received through the website. Taking payments for any membership fees must be done online.

8.3.2 Information on how to set up items in the online shop is contained in the Operating Workbench training, which outlines the detailed process for setting up new activities and products which can be sold online, as well as the process for pricing individual products. A copy is available here: <https://www.imperialcollegeunion.org/data/files/workbench-manual-351.pdf>

Income cont...

- 8.3.3 Once prepared, the customer information should be reviewed prior to advertisement to ensure that there is a budget available for the activity and that the details (including VAT codes) are correct.
- 8.3.4 When goods or services (including membership) are ordered, an order number is generated if purchased through the website.
- 8.3.5 Payment for any goods ordered will be taken by customer credit or debit card, using the details provided when they registered. Payment will be reserved from the customer's card at the time the order is received and taken after card details and stock availability have been checked, the order compiled and it has been scheduled for delivery. Receipts are automatically generated when a purchase is made through the system.
- 8.3.6 Money will appear in online transaction pages within 2 working days of someone paying. The system automatically generates lists of who has purchased which products.
- 8.3.7 Refunds may be provided to customers in the circumstances outlined in the terms and conditions of sale (<http://www.imperialcollegeunion.org/terms-and-conditions-shop.102.ICUAP.html>).

8.4 Daily Takings

- 8.4.1 ICU receives income through its various commercial outlets in the form of cash, cheque, debit/credit cards and vouchers.
- 8.4.2 Cheques may be accepted and should be payable to Imperial College Union.
- 8.4.3 Cash receipts should be banked in a sealed bag and accompanied by the paying in slip. PDQ receipts should be collated and given to the finance office on a daily basis together with the Cashier's Summaries and Till Z reports.
- 8.4.4 Finance will reconcile the master Z report to actual bankings and investigate any discrepancies with the bank. The EPOS printouts and Cashier's Summaries are used to enter the takings onto SAP and then filed.

- 8.4.5 Any cash discrepancies in excess of £5.00 for an individual till should have comments to explain what happened and should be brought to the attention of the outlet manager, General Manager, Finance Manager and Deputy President (Finance and Services).
- 8.4.6 For procedures relating to physical cash handling, including security arrangements, please refer to Section 7 of this Manual.

8.5 Clubs, Societies and Project receipting

- 8.5.1 When club, society and project Treasurers receive cash or cheques directly from individual members, the following information should be recorded in a pre-numbered duplicate receipt book:
- From whom (the individual).
 - For what (itemised).
 - When (the date).
 - By whom (e.g. the Treasurer).
 - How paid (cash, cheque).
 - Cheque number (if applicable).
- 8.5.2 It is important that the receipt is itemised, that every item is listed at its individual price, so that the VAT can be calculated correctly.
- 8.5.3 Monies paid in to the Union's bank account should be also recorded online using the eActivities system.
- 8.5.4 A copy of the paying in slip from the bank should be scanned in and uploaded to eActivities as per the instructions in the eActivities for Finance training booklet.

8.5 Debt management

- 8.5.1 ICU normally allows a 30 day settlement period for payment.

Income cont...

- 8.5.2 It is the responsibility of the Finance Department to follow up unpaid invoices. A "Customer Receivables Ageing" report should be run regularly and used as a basis for identifying (and prioritising) debtors for chasing.
- 8.5.3 When customers are contacted, the conversation (or correspondence) should be recorded to ensure there is a clear record of what contact has been made, and what undertakings (if any) the customer has made. Each record should include details of the individuals spoken to and dates. This will help to ensure that discussions can be followed up effectively and, if necessary, result in an elevation in recovery action.
- 8.5.4 Reminder letters should be issued where appropriate. There is no set procedure for when these need to be issued, as this needs to be judged on a case-by-case basis.
- 8.5.5 The Finance Team should ensure that there is an appropriate reporting system in place to elevate issues such as aged debts (particularly those over 60 days) and disputed items to the Finance Manager and, where appropriate, the General Manager. It may be appropriate for the Union to engage legal support in its attempts to recover amounts due.
- 8.5.6 The debt management process for clubs, societies and projects balances are managed separately by the Clubs and Societies Finance Officer and a policy is in place which outlines the role of the Union in recovering debts over 90 days on their behalf. College items are dealt with via the inter-Department process.

Expenditure

9.1 Introduction

9.1.1 This section covers ordering, invoice receipt and payment aspects of the accounts payable process.

9.2 Purchase Ordering

9.2.1 Purchase orders should be raised for all goods and services where possible. Exceptions to this rule are:

- Petty cash purchases;
- Public utility services and periodic payments, e.g. telephones, rent;
- Reimbursements to staff, officers & activity groups;
- Purchases made on the Union credit cards; and
- Goods or services supplied under contract, e.g. maintenance agreements.

9.2.2 Purchase orders should be raised using the eActivities online system. Purchase Order requests for Clubs, Societies & Projects can only be made by Financially Responsible Officers. Purchase orders for Clubs, Societies & Projects must be approved as per usual Authorisation Limits (see 9.6). Purchase Orders for staff will be referred to the budget holder for authorisation. Where the staff member raising the purchase order is also the budget holder the General Manager will need to approve. Where the General Manager is raising a purchase order the Deputy President (Finance & Services) will need to approve.

9.2.3 Any request for which no budget funds are available must be referred to the relevant budget holder or the General Manager for advice.

Expenditure cont...

9.2.4 The following must be included on the purchase order:

- A description of the items being purchased;
- The supplier's details;
- A price from the supplier, including details of any VAT;
- Details of the goods being purchased;
- The account code; and
- The name and signature of the person ordering

9.2.5 All purchase orders require Goods Receipting. It is the responsibility of the person raising the purchase order to use the eActivities online system to record the delivery of goods ordered. Partial deliveries should also be recorded and noted when happy for the Finance Team to pay the supplier.

9.2.6 It is the responsibility of the Finance Team to pay the supplier once goods receipting has been completed. All invoices should be addressed to:

Accounts Payable
Imperial College Union
Prince Consort Road
South Kensington
London
SW7 2BB

9.2.7 Any invoices sent to other addresses or people should be immediately handed to the Finance Team for payment.

9.3 Supplier selection

9.3.1 Tendering procedures (not including clubs, societies and projects) shall apply to the purchase of goods/services that are not for re-sale, which exceed £5,000 (either individually or cumulatively), excluding VAT. To ensure that value for money is obtained, this limit shall apply to all areas of Union activity.

9.3.2 A minimum of 3 tenders must be sought, unless an existing University, public sector or National Student body purchasing agreement can be used, which has been awarded by competitive methods.

- 9.3.3 The contract/agreement must normally be awarded to the lowest tender, after taking into account all relevant costs, relating to acquisition, servicing, quality, reliability, performance and disposal. The relevance of other factors, such as ethical considerations, must also be considered.
- 9.3.4 The Executive Committee must agree in advance, the award of a tender other than the lowest. Copies of all quotations must be passed to the Finance Department and retained.
- 9.3.5 For goods exceeding £1,000 to which the tendering process does not apply, and where no approved supplier or contractor exists, 3 quotations must be sought to ensure that value for money is obtained.
- 9.3.6 When purchasing goods under consortium arrangements, the relevant consortium rules must be adhered to.
- 9.3.7 EU Tender rules must be adhered to – the University will be able to give advice on regulations and processes in the case of large tenders.

9.4 Declarations of interest

- 9.4.1 Any personal or family interest which may impinge or might reasonably be deemed by others to impinge upon impartiality in any matter relating to purchasing duties must be declared:
- To the General Manager;
 - To the Deputy President (Finance and Services) if it concerns the General Manager; and
 - To the President if it concerns the Deputy President (Finance and Services).
- 9.4.2 Declarations of interest should be requested and filed to ensure that an up-to-date register of interests. The file shall be maintained by the General Manager.

Expenditure cont...

9.5 Long term contracts

9.5.1 Only the President jointly with the Union General Manager shall sign a contract which commits the Union to any obligation that extends beyond the current financial year. Such contracts shall only be signed with the prior written authorisation of the relevant budget holder. Such authorisations shall be set out within the authorisation limits defined in Section 9.6 below.

9.5.2 All contracts must include the following information:

- Name and address of supplier
- Name of contact person
- Telephone number and email address of contact (if applicable)
- Service being provided
- Details of service provision
- Conditions of service
- Date service to be provided
- Cost of service
- VAT implications
- VAT number
- Payment conditions
- Any other conditions or information required
- "I have read and understand the conditions of the contract and agree to abide by its terms and conditions in full"
- Signature on behalf of ICU and printed name of signatory
- Signature on behalf of the customer and printed name of signatory
- All legal company compliance such as company number, registered office and the declaration that we have exempt charitable status.

9.6 Authorisation limits

9.6.1 Limits of Authority are specified in the Union Financial Regulations, as follows:

- No unauthorised member or employee may sign a contract or otherwise commit expenditure on behalf of the Union or any part thereof.
- Expenditure up to £20 may be authorised by any financially responsible officer on behalf of their respective Club, Society or Project.

- Expenditure between £20 and £1,000 may be authorised by any financially responsible officer on behalf of their respective Club, Society or Project and their respective Management Group Chair or Treasurer. In the absence of the financially responsible officers required, the Deputy President (Finance and Services) or Deputy President (Clubs and Societies) may authorise expenditure on their behalf.
- Operational managers may authorise expenditure consistent with their budgets, subject to approval by the Union General Manager or Deputy President (Finance and Services) for orders or contracts in excess of £5,000 up to £50,000.
- The Deputy President (Finance and Services), or, in his or her absence, the Deputy President (Clubs and Societies), shall authorise all other expenditure up to £50,000.
- The Executive Committee shall authorise all expenditure over £50,000 up to £500,000.
- The Trustee Board, on the recommendation of the Executive Committee, shall authorise all other expenditure.

9.7 Goods receipt

- 9.7.1 Goods/services received must be promptly checked to ensure that the complete order has been received.
- 9.7.2 If goods have been invoiced but not received or returned as faulty, a request for a credit note should be made with the supplier. Details of the request should be attached to any documentation sent to the Finance Department, who will hold the respective invoice until a credit note is received

9.8 Invoice receipt

- 9.8.1 Invoices should be matched to a corresponding, authorised purchase order and delivery note when they are received.

Expenditure cont...

- 9.8.2 Where no matching purchase order exists, authorisations for payment of the invoice should be sought from the relevant department, who should check their records to ensure that the purchase has been made and that the prices charged are as agreed with the supplier. Any discrepancies on the invoices should be followed up by the department with the supplier.
- 9.8.3 An accounting code should be provided detailing the department and nature of expenditure, using the coding format described in Section 4.3.
- 9.8.4 Invoices will not be processed by Finance Department in the following circumstances:
- Where Documentation is incomplete; and/or
 - Correct Authorisation has not been applied.
- 9.8.5 Correctly authorised/documented invoices received by finance should be entered onto the purchase ledger on SAP.
- 9.8.6 Invoices are paid as per agreed credit terms and filed.

9.9 Credit Card Purchases

- 9.9.1 The Union currently holds two credit cards issued by Natwest.
- 9.9.2 Credit card holders are responsible for the safe keeping of their cards, together with any passwords and PIN numbers for their credit card.
- 9.9.3 Credit cards are to be used only in the following circumstances:
- Urgent purposes, i.e. those requiring immediate action or attention;
 - Where it is the only form of payment accepted at the point of purchase;
 - To take advantage of a special offer that would otherwise be unavailable; and
 - Flight bookings.
- 9.9.4 The Credit Card holder is required to follow the following procedures when using credit cards to make payments is as follows:
- A Credit Card Purchase Form should be obtained from Finance completed and authorised in accordance with the Levels of Authority;

- The purchase is made;
- A VAT receipt/purchase invoice/order acknowledgement should be obtained from the supplier and/or appropriate internet correspondence;
- Documentation should be attached to the Credit Card Purchase form and forwarded to Finance.

9.9.5 Payments should be appropriately authorised. Clubs, Societies and Projects must ensure that they use the same approval process as for any expenditure claim (i.e., including Honorary Senior Treasurer approval).

9.9.6 Finance shall check the credit card statement periodically to ensure that all transactions are fully supported by an audit trail. Any discrepancies, such as missing documentation, shall be followed up with the card holders.

9.10 Claim Forms

9.10.1 Claim forms are for use by Club, Society or Project members to claim back personal money spent on behalf of Club, Society or Project.

9.10.2 Claim forms can be submitted by any Club, Society or Project member.

9.10.3 Claim forms should be submitted using the eActivities online system.

9.10.4 Claimants are required to provide evidence for their expenditure in the form of a receipt. Acceptable forms of evidence are listed in the eActivities for Finance training manual to be found at www.imperialcollegeunion.org/training.

9.10.5 Claims are authorised as per the Authorisation Limits listed above (note 9.6).

9.10.6 Those approving a claim should thoroughly check the evidence and VAT details before approving. Claims approved without sufficient evidence should be investigated by the Deputy President (Finance & Services)

9.10.7 Approved claims should be paid by BACS by the Finance Team within five College days.

9.10.8 Any claims that are considered erroneous by the Finance Team should be paid and subsequently investigated by the Deputy President (Finance & Services).

Staff Costs

10.1 Payroll

- 10.1.1 The Union payroll is processed by the University and records maintained by the University HR department

10.2 Permanent Staff

- 10.2.1 At month end, the University payroll department will provide files showing the gross pay cost for each individual. The charges on the payroll file are analysed and a permanent staff payroll journal entered into SAP.

10.3 Casual Staff

- 10.3.1 Pay scales, including hourly rates and cost of living rises, are approved by the Executive Committee annually – new rates are effective from the 1st October each year.
- 10.3.2 New starters must complete a New Starter Form (a Casual Worker Joining (8A) form) and letter of understanding, which should then be signed by the Departmental Manager, A copy of ID should also be taken in the form of a passport.
- 10.3.3 Payroll forms should be checked by Finance for completeness. They should be forwarded to the Deputy President (Finance and Services), for authorisation and then sent to the College Payroll Department. Copies of completed forms should be filed by Finance.
- 10.3.4 Details of any new starters, amendments to current staff details, and any staff leaving is recorded on an Access database by the Finance Department.
- 10.3.5 Workers' Payroll information is submitted to the university Payroll Department in accordance with the set timetable for weekly staff (paid one week in arrears) and bursary staff (paid monthly).

- 10.3.6 Each department must submit an authorised timesheet to the finance department This is then entered into an Access database from which a complete payroll report is produced to be signed off by the Deputy President (Finance and Services) or in his or her absence, the Deputy President (Clubs and Societies).
- 10.3.7 Payslips are received from the University Payroll department on the Friday (by Finance) and forwarded to Departments for distribution
- 10.3.8 The actual payments to staff are reconciled to the payroll control account by Finance. Any discrepancies are followed up. It will be the responsibility of Line Managers to check their Student Staff costs against budget.

10.4 Pension Schemes

- 10.4.1 The Union participates in the Universities Superannuation Scheme (USS) and Superannuation Arrangements for the University of London (SAUL). Both are defined benefit schemes and are externally funded and contracted out of the State Earning Related Pension Scheme. The income and expenditure account reflects the contributions payable as stipulated by the Pension Scheme Trustees.

Fixed Assets and Asset Management

11.1 Depreciation

11.1.1 Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset in a straight line as follows:

- Fixtures & Fittings, Equipment and Motor Vehicles: 3-10 years
- Building Works: 20 years

11.1.2 The Union's delimitas level is £5000.

11.1.3 Any Irrecoverable VAT is capitalised

11.2 Asset purchase and disposal

11.2.1 Capital expenditure (i.e. the purchase of assets) is subject to:

- The budgetary controls described in Section 5 of this Manual (particularly including the reporting of capital project spend and projected outturn); and
- The expenditure controls described in Section 9, particularly including authorisation and tendering controls.

11.2.2 All staff and officers are required to provide suitable notice of the acquisition of any new assets.

11.2.3 Equipment valued in excess of £50 belonging to the Union or any constituent part thereof, shall not be re-sold, re-allocated or otherwise disposed of without the prior written authorisation of the relevant budget holder and the President. Authorisation shall only be granted after consultation with the Union General Manager by the President.

11.2.4 Staff and/or Officers shall notify the General Manager of any potential insurance claim arising from loss, liability or damage.

11.3 Asset recording

11.3.1 It is the responsibility of all Union Officers, Club or Society or Project Chairs and Managers to ensure that they maintain a register of all assets and inform the Union General Manager when such items are purchased or disposed of.

- 11.3.2 To ensure that assets are fully accounted for, a Fixed Asset Register shall be maintained by the Finance Department, which will record:
- Asset number
 - Description
 - Location
 - Date of purchase
 - Cost
 - Depreciation rate applied
 - Department to be charged
- 11.3.3 Each item on the fixed asset register will be the responsibility of a manager, who shall be held accountable for the item's security. As part of their responsibilities, they shall be required to conduct a regular (annual) risk verification of the assets for which they are responsible. Club, Society and Project assets are the responsibility of the group's committee.
- 11.3.4 The fixed asset register should be reconciled on a regular basis to the fixed asset values in the balance sheet.
- 11.3.5 The Finance Department will conduct an annual review of equipment against the fixed asset register.

Stock

12.1 Introduction

- 12.1.1 All stock will be the responsibility of the appropriate outlet manager, who will ensure that stock is accounted for, stored safely and rotated appropriately. Outlet managers will also ensure that stock levels are appropriate for the time of year.
- 12.1.2 Stocks at all outlets must be entered onto the EPOS stock system as soon after delivery as possible.
- 12.1.3 Promotional stock, i.e. stock given to the Union by suppliers at nil cost, should be recorded within stock take reports, either within the 'Purchases' column or as an additional column. This should mean that the variance between estimated and actual takings reconciles to the till shortage/overage. If it does not, this should be investigated.

12.2 Bars

- 12.2.1 All stock will be subject to a monthly stock-take, which is performed by an external company.
- 12.2.2 It is the responsibility of the relevant Commercial Services Manager to ensure that the stock-taker has all relevant information.
- 12.2.3 A degree of wastage is inevitable in licensed premises. It is essential that this wastage is carefully controlled, recorded and monitored, in line with the following procedures:
- Wastage will be recorded at the end of each night, with an explanation as to the cause of the wastage;
 - The manager must sign off all waste/write offs. This must be completed monthly and passed to the Finance;
 - These must also be presented to the stock-taker when requested; and
 - The manager must complete a stock report detailing the results and any action points moving forward.

12.3 Catering

- 12.3.1 All catering stock will be subject to a monthly stock-take by the Commercial Services Manager, assisted by relevant catering staff, who shall agree the catering stock-take report before the Commercial Services Manager leaves the premises.
- 12.3.2 Stock should be rotated regularly and all orders made should be consistent with expected demand to ensure write-offs are kept to a minimum. If it does become necessary for an item to be written off the Commercial Services Manager must authorise the write-off, investigate the reasons for it and inform Finance of the value of the stock written off.

12.4 Retail

- 12.4.1 Full stock counts will be carried out every year at the end July co-ordinated by the Retail Manager. The EPOS system stock figures are then updated to reflect the physical counts.
- 12.4.2 All items written-off during should be recorded on the EPOS system and a report submitted at each month end showing descriptions, quantities and cost prices for items written off along with a reason for each write-off.

Inter-Department Account

- 13.1 The Union has an inter-Department account with Imperial College, within which balances owed to and from the College are identified.
- 13.2 Each month, a report is received from College Finance summarising their accounts receivable and accounts payable balances for the Union. This statement is reconciled by ICU Finance to information on the SAP system.
- 13.3 A copy of the reconciliation is saved in the month end folder

Statutory Returns and VAT

14.1 Statutory Returns

14.1.1 The following statutory returns must be completed during the course of a year:

- PRS return (Annually)
- FEU return – Foreign Entertainers Unit (Quarterly)
- Various National Statistics Forms
- VAT return (Quarterly)

14.1.2 All forms should be completed before the related deadline and copies taken for future reference.

14.2 VAT

14.2.1 The Finance Department should implement mechanisms, including reference to external advice where relevant, to ensure that it is fully compliant with all VAT regulations.

14.2.2 VAT is charged on business supplies. Exceptions include grants (outside the scope of VAT), supplies of Union representation, welfare and support (of individuals and any separate Clubs, Societies & Projects) - which are not for business purposes as they are provided for free - and any zero rated items, such as basic foodstuffs (not plated meals or chocolate). VAT is not charged in relation to exempt supplies but cannot be recovered on related purchases.

14.2.3 Income can be treated as exempt for “fundraising” events, providing that certain conditions are met. In particular, in a single financial year the same type of fundraising event should be held no more than 15 times in the same location and the event should be clearly held out as a fundraiser on all ticketing and advertising.

14.2.4 In deciding which events to treat as exempt, it should also be considered in advance whether charging VAT, and recovering costs on associated purchases would be more advantageous (for example, where there are expensive acts performing). This may also be appropriate, for example, for events with a higher volume of purchases where a higher proportion of VAT may potentially be recoverable.

Statutory Returns and VAT cont...

- 14.2.5 Cultural event income (which could include admission charges to a theatrical, musical or choreographic performance of a cultural nature) can qualify as VAT exempt, again with certain conditions applying (for example, a normal disco would not be seen as cultural, but it could be argued that a DJ creating new music could be seen as a cultural event). In order to take advantage of the exemption, the organisation must be an eligible body.
- 14.2.6 The conditions for eligible body status are:
- (a) the organisation must be non-profit making;
 - (b) profits must be applied from relevant exempt income to the continuance or improvement of the facilities made available by means of the supplies; and
 - (c) the events must be managed and administered on an essentially voluntary basis, by people who have no direct or indirect financial interest in the activities of the Union.
- 14.2.7 VAT costs directly and solely related to taxable supplies are fully recoverable. Supplies will be taxable at the standard rate of 20%, unless they specifically fall within the 5% (e.g. condoms, electricity), zero rated or exempt categories.
- 14.2.8 VAT costs directly and solely related to exempt supplies may be fully recoverable. VAT costs directly and solely related to non-business supplies are generally not recoverable.
- 14.2.9 Partial exemption calculations are applied to activities which include a mixture of taxable and exempt supplies. There is a rate for Union activities based on a staff hours calculation, which identifies the percentage working on taxable activities, a separate rate for Catering where 6.6% of gross sales is currently deemed standard rated and a third rate for Vans based on the total days vans have been used for taxable activities.
- 14.2.10 Transactions are VAT coded at the point of entry and checked by Finance. This enables information to be prepared for the VAT return from SAP. It is important, therefore, that transactions are accurately coded to ensure that VAT returns, and amounts, are correct. The following codes are provided:

Purchase Codes	Sales Codes
P0 – Zero rated	S0 – Sales Zero Rated
P1 – Standard rated	S1 – Sales Standard Rated
PPU – Standard Rated Partial Union	Third set of 2 digits
PPC – Standard Rated Partial Catering	Penultimate digit
PPU – Standard Rated Partial Vans	Final digit
PE – Exempt	SE – Sales Exempt
PD – Incorrect documentation	
PN – Outside scope	SN – Outside Scope

Adjustments may be required where reports do not differentiate sales according to these categories. Particular attention is paid by Finance to Charing Cross sales, Catering and Free Sales items: manual adjustments are processed, using agreed partial exemption rates where appropriate.

- 14.2.11 A tax invoice for any claims in excess of £250 in value requires a full VAT invoice/receipt. A VAT invoice must state the following:
- An identifying number;
 - The date of the supply;
 - The date when the VAT invoice is issued;
 - Supplier details (name, address and VAT registration number);
 - The recipient's (i.e. the Union's) name and address;
 - A description sufficient to identify the goods or services supplied, including the quantity or extent of services supplied and rate of VAT applicable for each description; and
 - The total and VAT amounts charged, expressed in sterling.
- 14.2.12 The Union is required to complete a VAT return quarterly to HM Revenue and Customs (within one month of quarter ends to 31 October, 31 January, 30 April and 31 July), which identifies any net amounts due to or from the Revenue.
- 14.2.13 The VAT return is submitted online via logging onto the HMRC website. All calculations for the return shall be retained on the shared drive. Relevant log on details shall be retained and shared with the Finance Manager.

Appendix A - Natural Codes

Assets

Code	Name
000	Fixed Assets - Additions in year
005	Fixed Assets – Cost
010	Fixed Assets - Disposals Cost
015	Fixed Assets - Disposals Accumulated Depreciation
020	Fixed Assets - Accumulated Depreciation
040	Investments - Cost
045	Investments - Unrealised Asset Value
050	Stock
100	Account Card Sales Debtor
105	Deposits Paid Out
110	Prepayments
115	Accrued Income
120	Debtor Control
122	College Interdivision Debtor
125	Loans to Staff
130	Short Term Deposits
150	Cash – Bank
151	Cash - Bank - Deposit A/C
152	Cash - Bank - Clubs A/C
155	Cash – Float
160	Cash – Petty

Creditors

Code	Name
200	Deferred Income
205	Deferred Capital Grants
206	Deferred Capital Grants - Building Redevelopment
210	Online Sales (Third Party) Creditor
215	Credit Card Control Creditor
220	Deposits to Us
225	Members Funds
231	Accruals
232	College Interdivision Creditor
233	Unknown Receipts Creditor
234	Voucher Issue Creditor
235	Creditor Control
240	VAT Creditor
245	Clubs and Societies Sales Suspense

Capital & Reserves

Code	Name
250	Designated Fund
260	Surplus - Accumulated - Retained Surpluses
270	Revaluation Reserve

Appendix A - Natural Codes cont....

Income

Code	Name
400	Subvention Income
420	Contingency
425	Discount Given
430	Donations
440	Fines
450	Goods & Services
470	Grants Receivable
475	Deferred Capital Grant Release
490	Income Misc
500	Interest Receivable
510	Rental Income
520	Sales General
550	Sponsorship
570	Subscriptions
580	Ticket Income
590	Travel Income

Expenditure

Code	Name
600	Acts
605	Affiliation Fees
610	Bad Debts
614	Doubtful Debt Provision Expense
615	Bank Charges
620	Books
625	Card Commission
630	Carriage
635	Cleaning
640	Consumables
645	Crockery and Glasses
650	Cultural Activities
655	Decorations
660	Depreciation of Fixed Assets
665	Disposables
670	Engraving & Signwriting
675	Entrance Fee Conference
680	Entrance Fee Competition
685	Equipment Purchase
690	Equipment Hire
695	Miscellaneous Expenditure
697	Fines Expend
700	Fuel
705	Goods for Resale
706	Goods Written Off
707	Grants Payable
710	Ground Hire
715	Health & Safety
720	Computer Software, Licences & Domain
725	Copyright & Royalties
730	Hospitality
735	Instructors
740	Insurance
745	Interest Payable
750	Late taxis
755	Laundry

Code	Name
760	Legal & Professional
765	Licences
770	Maintenance & Repairs
775	Maintenance Contracts
780	Music
785	Newspapers & Magazines
790	Officer Accommodation
795	Overage/Shortage
800	Profit/Loss on Disposal of Fixed Assets
805	Carrier Bags / Packaging
810	Irrecoverable VAT
815	Postage
820	Printing Costs
825	Publicity
830	Redecoration
835	Referees
840	Retrospective Discount
842	Speakers
845	Staff Recruitment Cost
850	Staff Subsistence
855	Staffing Costs
860	Stationery
865	Stocktaker
870	Subscriptions
875	Telephones
880	Training Officers
885	Training Staff
890	Training Members
895	Travel Expenditure
900	Uniforms
910	Wages Agency Staff
915	Wages Full Time
920	Wages Officers
925	Wages Part Time
930	Central Overheads
932	Commercial Overheads

Appendix B - Cost Centres

Code	Name
000	ACC Exec
001	ACC Football
002	ACC Womens Football
003	ACC Badminton
004	ACC Basketball
005	ACC Boardsailing
006	ACC Boat
007	ACC Cricket
008	ACC Cross Country
009	ACC Cycling
010	ACC Fencing
011	ACC Golf
012	ACC Hockey
013	ACC JU-Jitsu
014	ACC Judo
015	ACC Karate Shotokan
016	ACC Kung Fu
017	ACC Lawn Tennis
018	ACC Netball
019	ACC Orienteering
020	ACC Rifle & Pistol
021	ACC Rugby
022	ACC Womens Rugby
023	ACC Sailing
024	ACC Shaolin Kung Fu
025	ACC Snowsports
027	ACC Squash
028	ACC Swim/Waterpolo
029	ACC Table Tennis
030	ACC Ten Pin Bowling
031	ACC Volleyball
032	ACC Weights
033	ACC Wing Chun
034	ACC Yacht
035	ACC Ultimate Frisbee
036	ACC Tai Chi
037	ACC Karate do Shotokai
038	ACC Kendo

Code	Name
039	ACC Riding & Polo
040	ACC Shorinji Kempo
042	ACC BUCS
045	ACC Wushu
046	ACC Archery
047	ACC Aikido
051	ACC Kickboxing
052	ACC Tae Kwon Do
053	ACC Karate Shidokan
054	ACC Eskrima
055	ACC Capoeira
057	Varsity Match
058	ACC Curling
059	ACC American Football
060	ACC Handball
061	ACC Indoor Hockey
062	ACC Gaelic Sports
063	ACC Dodgeball
064	ACC Filipino Martial Arts
065	ACC Baseball
066	ACC Boxing
067	ACC Triathlon
068	ACC Fives
100	RCC Exec
101	RCC Audio Society
102	RCC Billiards & Snooker
103	RCC Bridge
104	RCC Juggling
105	RCC Canoe
106	RCC Caving
107	RCC Chess
108	ACC Dance
109	RCC Exploration
110	RCC Fellwanderers
111	RCC Fitness
112	RCC Gliding
113	RCC Ham society
114	RCC Para Gliding

Code	Name
115	RCC Gaming
116	RCC Mountaineering
117	RCC Parachute
118	Media Photographic
119	RCC Origami
120	RCC Outdoor Club
121	RCC Radio-Controlled Model
122	RSM Real Ale
124	RCC Skate
125	RCC St John LINKS
126	RCC Underwater
127	RCC Unihoc
128	RCC War Games
129	RCC Wine and Fine Drinks
130	RCC Yoga
131	RCC Sports Motorcycle
132	RCC Linux Users Group
133	RCC Table Football
134	RCC Ice Hockey
135	RCC D of E
137	RCC Wakeboarding
138	RCC Meat Appreciation
139	RCC Ceilidh Society
140	RCC Croquet Club
141	RCC Curry
142	RCC Poker
143	RCC Paintball
144	RCC Airsoft
145	RCC Mah Jong
146	A&E Fashion
147	ACC Cheerleading
148	RCC Backgammon
149	RCC Belly Dancing
150	RCC Synchronized Swimming
151	RCC Parkour, Free Running & Gymnastics
152	RCC _Software
153	RCC Racing Green
154	RCC Gymnastics

Code	Name
155	RCC Assassins Guild
156	RCC Street Magic
157	RCC KnitSock
158	RCC Floorball
159	RCC Power Kiting
160	RCC Coffee
161	RCC Balloon Twisting
163	RCC Rounders
164	RCC Cooking
170	RCC Ferret Fanciers (TEST CLUB)
200	SCC Exec
203	SCC ABACUS
204	SCC Ahlul Bayt
205	SCC Alternative Music
206	SCC Amnesty International
207	SCC Anime
209	SCC ArtSoc
210	SCC Ahmadiyya Muslim Students
217	SCC Buddhist Society
218	SCC BUNAC
221	SCC Catholic
222	SCC Christian Union
223	SCC Christian Student Action
224	SCC Conservative
225	SCC Debating
226	SCC Clubbing
227	SCC Environmental
228	SCC Imperial Entrepreneurs
229	CGCU EWB
230	SCC Erasmus
231	SCC Fairtrade
232	SCC Film
233	SCC Finance
234	SCC Political Philosophy
235	SCC Hindu Society
236	SCC Every Nation Christian
237	SCC IC Portal
239	SCC I.Q.

Appendix B - Cost Centres cont...

Code	Name
242	SCC Bright Futures
245	SCC Int. Tamil
248	SCC Islamic
250	SCC J-Dorama
251	SCC Jewish
252	SCC Liberal Democrats
254	SCC Labour
255	SCC Law
256	SCC Medical Ethics
259	SCC Orthodox Christian
260	SCC Quiz Soc
261	OSC Palestinian Soc
262	SCC PetSoc
263	SCC Pimlico
264	SCC Philosophy Soc
265	SCC Rocksoc
266	SCC Sci Fi
267	SCC Student Pugwash
268	SCC Medical Humanities
269	SCC Sikh
270	SCC Socialist Worker
271	SCC Socialist Students
273	SCC Stop the War
275	SCC Krishna
276	SCC Model United Nations
278	SCC UNICEF
279	SCC Urban
282	CGCU Rail and Transport Society
283	SCC Student Respect
284	SCC Russian Speaking
285	SCC Cheese
286	OSC Welsh
287	SCC MTO Sufi
288	SCC Friends of Medicins Sans Frontiers
289	SCC Punjabi
290	SCC Risk Management
291	SCC Women in SET
292	RAG Save the Children

Code	Name
293	SCC Consultancy
294	SCC Atheist And Agnostic
295	SCC Libertarian Society
296	SCC Tea Society
297	SCC Book Club
298	SCC Innovation Society
299	SCC International Education
300	OSC Exec
301	OSC Afro-Caribbean
302	OSC Arabic
303	OSC Bangladeshi
304	OSC Chinese
305	OSC CSSA
306	OSC Cypriot
307	OSC French
308	OSC Hellenic
309	OSC Indian
310	OSC Iranian
311	OSC Italian
312	OSC Japanese
313	OSC Korean
314	OSC Lebanese
315	OSC Malaysian
316	OSC Mauritian
317	OSC Pakistan
318	OSC Scandinavian
319	OSC Singapore
320	OSC Spanish
321	OSC Sri-Lankan
322	OSC Taiwan
323	OSC Thai
324	OSC Turkish
325	OSC German
326	OSC LAtin-American
327	OSC Irish
328	OSC Indonesian
329	OSC Kenyan
330	OSC Croatian

Code	Name
331	OSC Iraqi
333	OSC Portuguese
334	OSC Polish
335	OSC Bruneian
336	OSC West Indian Society
337	OSC Canadian
338	OSC Czecho-Slovak
339	OSC Mexican
340	OSC Armenian
341	OSC Vietnamese
342	OSC Ukrainian
343	OSC Romanian
344	OSC Israeli
380	Media Exec
381	Media Felix
382	Media STOIC
383	Media IC Radio
384	Media Magazine
385	ICU Freshers Handbook
400	A&E Exec
401	A&E Orchestra
402	A&E Sinfonietta
403	A&E Choir
404	A&E Poetry
405	A&E LeoSoc
406	A&E Dramatic Society
407	A&E Dramsoc Tour
408	A&E Jazz Big Band
409	A&E Classical Guitar
410	A&E Contemporary
411	A&E ICU Cinema
412	A&E Chamber Music
413	A&E Jazz & Rock
414	A&E Music Technology
415	A&E Musical Theatre
416	A&E Musical Theatre Tour
417	A&E String Ensemble
418	A&E Gospel Choir

Code	Name
419	A&E Wind Band
420	A&E Percussion
421	A&E A Cappella
422	A&E Calligraphy
450	SCC Krishna Consciousness
451	SCC Jain Society
452	RAG BHF
453	RCC VegSoc
454	SCC Pass
455	SCC Sife
456	CAG Interact
457	SCC Cascade
458	SCC Chocolate
459	SCC Baha'i Society
460	SCC History
461	SCC Collecting
462	SCC Energy
467	SCC Management
550	Silwood Exec
552	Silwood Badminton
557	Silwood Climbing
560	Silwood Cricket
561	Silwood Chess
562	Silwood Arts
564	Silwood Disco
566	Silwood Ents
567	Silwood Escape
568	Silwood Football
569	Silwood Film
570	Silwood Gardening
571	Silwood Gym
573	Silwood Frisbee
574	Silwood International
579	Silwood Karate Shotokan
582	Silwood Music
584	Silwood Nat History
588	Silwood Photographic
590	Silwood Snooker

Appendix B - Cost Centres cont...

Code	Name
591	Silwood Clubs
592	Silwood Swimming
593	Silwood Vans
595	Silwood Tiddlywinks
596	Silwood Wine
598	Silwood Workshop
599	Silwood Yoga
600	CGCU Exec
601	CGCU Aeronautics
602	CGCU Chem Eng
603	CGCU Elec Eng
604	CGCU Civil Eng
605	CGCU Doc Soc
606	CGCU Mech Eng
607	CGCU ISE
608	CGCU Bio Engineering
609	CGCU Rugby
610	CGCU EESTEC
611	CGCU Motor Club
612	CGCU Racing
613	CGCU Kart Section
614	CGCU VVMC
615	CGCU Derrick
616	CGCU Media
617	SCC PostSoc
618	CGCU IMASE
619	CGCU Lord Mayors Show
620	CGCU Robot Wars
621	CGCU Internship
622	CGCU Internet & Gadget
623	Life Sciences Exec
624	CAG E.quinox
625	CGCU Robotics
628	CGCU ETHOS
629	CGCU ICSEDS
630	RCSU BioSoc
631	RCSU BioChem
632	Physical Sciences Exec

Code	Name
633	RCSU Chemistry
634	RCSU Maths
635	RCSU Physics
636	RCSU JMC Soc
637	RCC Astro
638	RCSU Rugby
639	RCSU Football
640	RCSU Motor
641	RCSU Cricket
642	RCSU Hockey
643	RCSU Zeco
645	RSM Exec
646	RSM Materials
647	RSM De La Beche
648	CGCU RSM Motor Club
649	RSMU FSO (FSW)
650	RSM Rugby
651	RSM Football
652	RSM Hockey
653	RSM Sports
654	RSM Geophys Soc
655	ICSMSU Exec
656	ICSMSU Football
657	ICSMSU Womens Football
658	ICSMSU Badminton
659	ICSMSU Basketball
660	ICSMSU Boat
661	ICSMSU Cricket
662	ICSMSU Cycle Club
663	ICSMSU Golf
664	ICSMSU Hockey
665	ICSMSU Jiu Jitsu (Aiuchi)
666	ICSMSU Womens Hockey
667	ICSMSU Mixed Hockey
668	ICSMSU Lacrosse
669	ICSMSU Tennis
670	ICSMSU Netball
671	ICSMSU Rugby

Code	Name
672	ICSMSU Womens Rugby
673	ICSMSU Sailing
674	ICSMSU Ski
675	ICSMSU Squash
676	ICSMSU Water Polo
677	ICSMSU Band
678	ICSMSU Drama
679	ICSMSU Music
680	RCC Funkology
681	ICSMSU Medsin
682	ICSMSU Mountaineering
683	ICSMSU Snooker
684	ICSMSU Subaqua
685	RCC Surfing
686	ICSMSU Yoga
687	ICSMSU Muslim Medics
688	ICSMSU Light Opera
689	ICSMSU Weights & Fitness
690	ICSMSU Rag
691	ICSMSU Arts & Photo
692	ICSMSU RPMS
693	ICSMSU Table Tennis
694	ICSMSU Gazette
695	ICSMSU Yearbook
696	ICSMSU BUSA
697	ICSMSU St Marys Bar
698	ICSMSU ICAB
699	ICSMSU Surgical Soc
705	ICSMSU Hammersmith Students' Community
706	ICSMSU Dance
707	ICSMSU Self-Defense and Fitness
708	ICSMSU GradMed
709	ICSMSU Pharmacology
710	ICSMSU Soiree
711	ICSMSU Medical Education
712	ICSMSU Obstetrics & Gynaecology
713	ICSMSU Tropical Medicine
714	ICSMSU General Practice

Code	Name
715	ICSMSU Psychiatry
716	ICSMSU Paediatrics
717	ICSMSU Dermatology
718	ICSMSU Orthopaedics & Rheumatology
719	ICSMSU Oncology
720	ICSMSU Neurology
721	ICSMSU Infectious Diseases
722	ICSMSU Athletics
723	ICSMSU Pilates
724	ICSMSU Debating Society
725	ICSMSU Christian Medical Fellowship
726	ICSMSU BioMed Society
727	ICSMSU Darts
728	ICSMSU EMSA
729	ICSMSU Asian Medical Students' Association
730	RCSU Exec
754	Bike Users Group
755	Community Action Group Exec
757	ICU Rag Exec
759	RCC Dance Company
761	CAG Global Brigades
762	CAG El Salvador
763	CAG Kenyan Orphan Project
764	CAG Foodcycle
765	CAG Soup Run
766	CAG IC Buddies
767	CAG Activities for Children with Disabilities
768	CAG African Development
769	CAG Maternal Health
800	Beit Office
801	Central Services
803	Building Redevelopment
806	Sabbaticals
815	Bar SK
816	Bar CX
820	Shop
822	Shop Online
830	Catering

Appendix B - Cost Centres cont...

Code	Name
833	Entertainments
835	Security & Stewards
840	Room Hire
845	Beit Conferences
850	Vans
865	Vending and Gaming Machines
875	Events
885	Advice Centre
890	Volunteer Centre
900	Membership Services
940	Graduate Students Association Exec
941	GSA Business School
942	GSA Life Sciences
943	GSA Physical Sciences
944	GSA Engineering
945	GSA Medicine
946	GSA SMIC Soc
947	GSA International Public Health
970	Union Council
971	Executive Committee
972	Clubs & Societies Board
975	Representation & Welfare Board
979	Trustee Board
982	Elections Committee

Appendix C - Activity Codes

Code	Name
00	General
01	Functions
02	Marketing
20	Clubs tours 20-39
21	Tour 1
22	Tour 2
23	Tour 3
24	Tour 4
25	Tour 5
26	Tour 6
27	Tour 7
28	Tour 8
29	Tour 9
30	Tour 10
31	Tour 11
32	Tour 12
33	Tour 13
34	Tour 14
50	Careers Fair
51	Event 1
52	Event 2
53	Event 3

Code	Name
54	Event 4
55	Event 5
56	Event 6
57	Event 7
58	Event 8
59	Event 9
60	Event 10
61	Event 11
62	Event 12
63	Event 13
64	Event 14
65	Event 15
66	Event 16
67	Event 17
68	Event 18
69	Event 19
70	Event 20
71	Event 21
72	Event 22
73	Event 23

Appendix D - Funding and Consolidation Codes

Funding Codes

Code	Name
0	Subvention
1	SIG
2	Harlington Trust
3	IC Trust
4	Faculty

Consolidation Codes

Code	Name
0	External
1	College
2	Internal
3	IC Trust

Appendix E - Monthly Accounting Timetable

Appendix F - Statement of Financial Accounts (example)

Imperial College Union

Statement of Financial Activities Period Ended 31 July 2012

	Note	Restricted Funds £	Unrestricted Funds £	2011/12 Total £	2010/11 Total £
INCOMING RESOURCES					
Voluntary income	x	x,xxx	x,xxx	x,xxx	x,xxx
Activities for generating funds	x	x,xxx	x,xxx	x,xxx	x,xxx
Charitable activities	x	x,xxx	x,xxx	x,xxx	x,xxx
		<u>x,xxx</u>	<u>x,xxx</u>	x,xxx	<u>x,xxx</u>
RESOURCES EXPENDED					
Cost of generating funds					
Cost of generating Voluntary funds	x	x,xxx	x,xxx	x,xxx	x,xxx
Commerical activities	x	x,xxx	x,xxx	x,xxx	x,xxx
Charitable Activities	x	x,xxx	x,xxx	x,xxx	x,xxx
Governance cost	x	x,xxx	x,xxx	x,xxx	x,xxx
TOTAL RESOURCES EXPENDED		<u>x,xxx</u>	<u>x,xxx</u>	x,xxx	<u>x,xxx</u>
NET INCOMING/(OUTGOING)RESOURCES		x,xxx	x,xxx	x,xxx	x,xxx
Funds brought forward		x,xxx	x,xxx	x,xxx	x,xxx
Total Funds carried forwards		<u>x,xxx</u>	<u>x,xxx</u>	x,xxx	<u>x,xxx</u>

Appendix G - Financial Risk Table

The following table presents generic financial risks where mitigating controls are referred to within this Manual. This is not a complete list of financial risks. Rather, it is intended to assist in the development of financial risk register:

Potential risk	Example mitigating control areas	Chapter Ref.
Accounts may not comply with Charity disclosure requirements, requiring extensive audit adjustments or qualified opinion.	<ul style="list-style-type: none"> • Review of financial guidance, including the SORP. 	3
Financial reports may be incomplete or not reconcile to underlying records.	<ul style="list-style-type: none"> • Coding structure within accounting system. 	4
	<ul style="list-style-type: none"> • Year End process. 	7
	<ul style="list-style-type: none"> • Control account reconciliations (including bank and payroll). 	10
Budgets may not be set appropriately, leading to inappropriate spend being committed and potential overspend.	<ul style="list-style-type: none"> • Review of budget holder information by Finance Team and General Manager. • Approval and review of budgets through Trustee Board/ Executive Committee review process. 	5
Expenditure may not be controlled appropriately, leading to overspends.	<ul style="list-style-type: none"> • Delegated budget management requirements, including the requirement that any likely overspending is not incurred without prior consent of the President. 	5
	<ul style="list-style-type: none"> • Management accounts review process. 	9
	<ul style="list-style-type: none"> • Key Performance Indicators 	7
	<ul style="list-style-type: none"> • Scheme of Delegation controls. • Payment authorisation requirements. 	7
Management information may not be utilised effectively to ensure that expenditure is controlled.	<ul style="list-style-type: none"> • Management Accounts process. • Key Performance Indicators. 	5
Inappropriate suppliers may be engaged, e.g. without adequate tendering tests having been conducted, leading to poor value for money.	<ul style="list-style-type: none"> • Declarations of interest. 	9
	<ul style="list-style-type: none"> • Tendering procedure. 	
	<ul style="list-style-type: none"> • Purchase Order authorisation. 	
Inappropriate payroll payments may be made to due mis-statement of timesheets.	<ul style="list-style-type: none"> • Timesheet authorisation. 	10
	<ul style="list-style-type: none"> • Budgetary controls. 	5

Appendix G - Financial Risk Table cont...

Potential risk	Example mitigating control areas	Chapter Ref.
Working capital (including balances held at the bank) may not be effectively managed, leading to penalty charges and impacting on the Union's ability to pay its creditors.	• Review of management information, including cashflow statements	5
	• Regular review of bank statements and investment activity.	7
	• Prompt and secure banking of receipts/ Debt recovery procedures.	8
Cash may not be securely managed, or recorded, increasing the risk of misappropriation.	<ul style="list-style-type: none"> • Bank reconciliations. • Regular banking and recording of cash. • Payment authorisation requirements. • Security/access controls. 	7
Income due may not be collected in full, or on a prompt basis.	• Debt recovery arrangements.	8
Actual receipts and payments may not reconcile to amounts recorded in the accounts.	• Bank reconciliations.	7
Fixed assets may not be securely managed or maintained, or reconcile with inventories – increasing the risk of misappropriation.	<ul style="list-style-type: none"> • Fixed Asset register. • Verification and risk assessment. 	11
Stock may not be securely managed, or recorded, increasing the risk of misappropriation.	• Stock count arrangements.	12
VAT claims may contain errors due to non-compliance, leading to over (or under) claims from HMRC .	• Coding structure in SAP.	14

Other controls will exist which mitigate the risk of fraud, such as internal audit arrangements, security/access controls and any spot checks undertaken by Finance and/or budget managers, and specific responses developed to any external inspection or review.

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