

A GUIDE TO BRANCH FINANCE (MAY 2023)

Notes: This guide is an extract from the Membership Management Handbook (March 2023). Text in *italics* is additional commentary not found in the Handbook. Key points are highlighted.

2.a.(2) Administering the membership

Branch membership lists are kept online on the Office 365 portal. For access and information, speak to your Membership Engagement Officer. (*Branch Chairs, Secretaries, Treasurers and Membership Secretaries automatically have access via their MAP accounts*).

Branches may decide to set a joining fee and/or an annual subscription fee, both of which must be decided by the members at the Branch Annual General Meeting. Each of these fees must not be less than £1. (*These fees are then reimbursed to the Branch to help with running costs during the financial year*).

The Branch Committee must tell Head Office what their membership joining and subscription fees are using the Branch rates letter (*issued by Head Office, usual return date 30th of June*) each year. If the membership team at Head Office does not receive this information before the reply date on the Branch rates letter, then the fees for the forthcoming membership year will remain as for the current year, if nothing as advised to Head Office your Branch fee remains at £0.00/€0.00.

Branches should actively help members to renew their membership. Their Membership Engagement Officer can help with any queries. Please forward any cheques or applications within 30 days of receipt to avoid delays processing them.

Do NOT send forms or payments to Haig House, but to:

RBL Membership Applications and Payments
Box 1402
9 The Lakes
NORTHAMPTON
NN1 9EX

Branch members should also be encouraged to log into the Members Self Service Portal via the RBL website where they can renew membership on-line as well as change personal information and preferences).

Members may transfer their membership to another branch. If they have paid their membership fee and any subscriptions due to their current Branch, they will not need to make any additional payment in their current membership year (*unless the 'new' branch levies an additional administration fee*).

2.a.(3) Financial management

Branch and County banking

Branches must have only one bank account. This must be a current account held preferably with Lloyds Bank or Barclays. It must be held in the name of 'The Royal British Legion – [Branch name]'. **Personal accounts or accounts in the name of**

Committee members must not be used for Branch transactions, even as a temporary measure.

If a Branch has more than one account, it must close the additional account(s) and transfer the money to the Branch Funds Initiative (BFI). If you're not sure what to do with a bank account, contact your Membership Engagement Officer (*or County Treasurer*) for help.

Branches should keep enough money in their current account to meet their day-to-day requirements. For most Branches, this will be £1,000 or less. All funds that are surplus to day-to-day requirements must be placed in the Branch Funds Initiative. The maximum amount of funds that Branches can hold in their current account is £5,000; anything more than this must be placed in the Branch Funds Initiative. If your Branch banks with Lloyds, you can access internet banking via the Legion's corporate internet banking platform. If you need help to set this up, contact your Membership Engagement Officer or Branch Accounts team in Head Office.

Branches banking with other banks are not permitted to set up internet banking without the express permission of the Finance Department. This is to ensure that appropriate financial controls are in place over all Branch transactions.

How to manage Branch funds

The Branch Committee, under the leadership of the Branch Chairman, is responsible for the Branch funds. It must make sure:

- That there are adequate controls and accounting records.
- That Branch expenditure complies with the policies and procedures of the Legion and with charity law.

Branches should create a simple budget for the year, setting out the income they expect to generate and what they expect to spend.

Day to day, the Branch Treasurer maintains the Branch accounts. The Branch Committee should approve the Branch Treasurer's delegated authority limit, generally between £250 and £500, depending on the size of the Branch.

Branches may choose to record their income and expenditure in separate funds (Benevolent Fund or General Fund). A fund is simply a way of recording income, expenditure and cash separately within the Branch accounts. **This does not mean that each fund requires a separate bank account.** A Branch can have more than one fund in its current account and Branch Funds Initiative. At the end of the financial year, the sum total of all funds held by the Branch should equal the total amount of cash held in the current account and BFI.

If Branches have funds that are surplus to requirements, they should consider making a donation to the Poppy Appeal, making a transfer to the County Welfare Fund or donating to a Legion Care Home. This will ensure that the funds are used to support the Legion's beneficiaries. You can ask your local Community Fundraising team or check the Fundraising Handbook about other projects and ideas.

VAT

Branches and Counties sit outside of the Legion's VAT arrangements. This means that Branches and Counties are unable to register for VAT. Branches must not charge VAT on any invoices they raise and are unable to reclaim any VAT they are charged by suppliers and other third parties. Branches cannot sell merchandise and cannot give away merchandise for a suggested donation of more than £1, e.g., jewellery, bags, clothing, etc. Doing so would constitute a taxable supply. It is permissible to give away small items in exchange for a suggested donation, provided the value of the item is £1 or less, e.g., a pen.

Gift Aid

Members are encouraged to Gift Aid their membership fee when they join. They can add or remove a Gift Aid declaration at any time by contacting memberservices@britishlegion.org.uk (or the Members Self Service Portal via the RBL website where they can change personal information and preferences).

Note that any Gift Aid donations cannot be paid into Branch funds as Branches cannot claim Gift Aid directly. The Legion will claim Gift Aid centrally and only on donations and gifts received directly to its accounts.

Branch Funds Initiative (BFI)

To withdraw funds from the BFI, you can apply by post/email using the appropriate form. The Finance Department will transfer the funds within a week of receiving a correctly completed and authorised BFI withdrawal form. (Found in the Branch Finances folder in MAP).

To deposit funds in the BFI, send a cheque to the Finance Department made payable to The Royal British Legion with the BFI deposit form. (Found in the Branch Finances folder on MAP – Membership Documents Library).

(A Guide to Operating the Branch Funds Initiative is in the Branch Finances folder on MAP – Membership Documents Library)

Dos and Don'ts for spending Branch and County funds

Do:

- Use funds to further the charitable aims of the Legion.
- Spend funds on events (for example, to recruit new members, for Remembrance events or to raise funds for the Legion).
- Keep invoices or receipts for everything you buy with Legion money. By law, all invoices, receipts and vouchers must be securely retained for seven years. If you don't have an invoice or receipt, the person who has spent the money must create and sign a voucher, detailing what the money was spent on and how much. The voucher must be countersigned by a Branch officer who had nothing to do with the purchase.
- Keep the Branch cheque book and paying-in book in a locked safe or drawer.

Don't:

- Use funds for the purchase, construction, repair or maintenance of memorials unless the memorial is owned by the Branch and responsibility hasn't been passed on to another party. Memorials are usually the responsibility of the local authority.
- Use funds to accumulate more money.
- Sign blank or partially completed cheques.
- Sell goods. The Royal British Legion as a charity cannot trade; that is why goods can only be sold through a separate trading company (Poppy Shop). Branches and Counties are part of the charity and therefore must not trade under charity law. However, they can offer low-value items sourced from the Legion (such as pins, pens and wristbands) for a suggested donation (not a minimum donation) to raise funds. Please note that any income from items produced by the Poppy Appeal must be sent to Poppy Appeal.
- Use funds to subsidise another Branch, a Legion club or any other third party. That includes loans or making reductions or deferments of charges due to the Branch. If this happens, the Branch Committee members responsible may be found personally liable to reimburse the charity.
- Give grants or make donations to other charities. The only exceptions are a donation to a local ex-Service charity with the approval of the Operations Directorate through the local Membership Engagement Officer, or a donation to the Central Benevolent Fund to be allocated to a grant that the Board of Trustees has already agreed. (*Donations to organisations within the RBL "Family" NMA, RBL Care Homes are allowed*).
- Use funds for paid employment. If your Branch needs resources, contact your Membership Engagement Officer for guidance.
- Enter into any financial credit or lease agreement (including the rental of property or equipment).

Rules on cheque and cash handling

You can read the full policy (SOP131) if you request it from your Membership Engagement Officer, but below are some day-to-day rules to help you keep your transactions in order – and to help protect the Legion from fraud:

- A Branch's bank account must have up to four mandated signatories, all of whom must be Branch Committee members. At least two signatories who are not related to each other must sign every cheque. It is the Branch Committee's responsibility to make sure the list of mandated signatories is up to date when members leave or join the Committee. (*It is a good idea to declare and update these at every AGM*).
- Check bank statements as soon as you receive them. Investigate any unexplained entries immediately. If you suspect fraud, tell your Membership Engagement Officer.

- Reimburse petty cash only when you see a receipt and only directly to the claimant.
- Keep the Branch petty-cash float as low as possible and reconcile it monthly. Any expenditure above £50 should be reimbursed by cheque. You can find the petty cash policy (SOP3) ~~on Office 365~~ or request it from your Membership Engagement Officer. *(If at all possible do not have any Petty Cash, it removes many financial 'headaches')*
- All expense claims should comply with the Legion's expenses policy (SOP42), ~~which is available on Office 365~~ or from your Membership Engagement Officer. All claims must be submitted on the correct form (*copy in the Handbook*), signed by the claimant and with receipts attached. All expense payments must be approved by the Branch Committee (at least their Treasurer and Chairman) before payment.
- Issue a receipt for any cash or cheques given to the Branch, unless the donation is part of a cash collection. Any cash received should be counted as soon as practically possible in the presence of two people. Use the SOP131 form, ~~available on Office 365~~ or from your Membership Engagement Officer, to record the amount counted.
- If cash or cheques cannot be banked immediately, they should be placed in a sealed envelope, petty-cash tin or collection box and locked in a safe or a drawer.
- Ideally, cash and cheques should be banked within three days of receipt. Any cash receipts in excess of £1,000 should be banked within 24 hours. The longest you should leave it to bank cash and cheques is one week after receipt.

How to submit your Annual Return

Please refer to the Guide to completing the year-end Branch Return, which is updated annually and sent to Treasurers with the Branch Return Forms. You can also get a copy of this guide electronically from your MEO or MAP portal. *(In the Membership Documents Library - Branch Finance folder – Branch Pack)*

The Legion Accounting Year is 1 July to 30th June.

Fully audited accounts MUST be submitted to the MEO by 30th September (to remain a Compliant Branch) Do not wait for the Branch AGM!

Who has a role in the Annual Accounts?

- Compiled by the Branch Treasurer*
- Checked and signed by the Branch Chair*
- Agreed by the Branch Committee*
- Forwarded to the Auditor*
- On return from audit, forwarded by Treasurer or Secretary to MEO before 30th September*
- Presented to Branch AGM before end of November.*

The Authorisation to Disclose form concerning the Branch bank account must be signed by the Branch Chair and Branch Treasurer or another authorised person within the Branch. *Why the Authorisation to Disclose? Because all monies held in the 2300 Branch Accounts across the British Isles and further afield are RBL funds,*

once in an RBL labelled account they are the property of the National RBL Organisation, the local branch are “trustees” of those funds, which is why branches must follow RBL accounting practices!

New Branches are not required to submit a Branch return in their first financial year until they have been operating for six months.

Each year, a number of Branches are selected for audit by the Legion’s statutory auditor or the internal audit and compliance team. **Branches are more likely to be selected for audit if they** are holding substantial Legion funds, **have failed to submit their return on time or have failed to respond to queries on their return** from the Membership Engagement Officer or the Finance Department.

Asset Register

Each branch should have an Asset Register that a Branch Officer should verify at least twice a year. If audited, the Legion Independent Examiner (IE) will ask to see the Asset Register.

Items to be included are Branch Standard(s), any Standard Bearer branch funded accoutrements, Chairman and Presidents “Jewels” and any other branch funded items of value (e.g. office equipment, trailers etc.). Any items which require to be insured should also be listed. The Asset Register should include a full description of each item including the date and value at time of purchase, any serial numbers etc. Depreciation does not apply to items listed in the Asset Register.

An example Branch Asset Register is available on the County website (Branch Guides page).

Funding and insuring Branch events

Branches must attempt to secure services for their events at little or no cost where possible. Any expenditure should be discussed and approved at a minuted Branch Committee meeting in advance of the event.

The Royal British Legion holds public liability insurance in the event that it is held legally liable for injury to a third party or for damage to third-party property.

Branch events are covered by the Legion’s insurance policy. This includes Branch Standards paraded at such events, whether within the UK or overseas. *(Branch Standards leaving the County or District require consent from the County Chair/Committee and a courtesy consent from the Chair of the County/District being visited. For Standards leaving the UK the consent of the Membership Council is usually required).*

(A guide to RBL Insurance cover is being prepared and will be issued shortly)