



# UNISON



## BRANCH FINANCES HANDBOOK

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## WELCOME TO THE BRANCH FINANCES HANDBOOK

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I hope you find this handbook of great practical use. It is designed to sit alongside a suite of resources that will help make the task of running your branch finances easier.

The handbook was developed after the finance and resource management committee instigated a wide-ranging review of the support available for branches to manage their finances, particularly around training for activists.

The review concluded that the Treasurer's Handbook, introduced at the inception of UNISON, was outdated. This new handbook, a product of extensive consultation with branches, is a fit-for-purpose resource designed to assist with the nuts and bolts of running branch finances. It can be used as a resource to dip into as and when required or as a cover-to-cover read for activists needing to acquaint themselves with the subject.

Finance used to be seen as the sole domain of the branch treasurer but that philosophy is now outdated. This handbook encourages the branch as a whole to take collective responsibility for its finances. From budgeting to year-end accounts, the whole branch has a part to play.

However, this handbook should not be seen as a single resource. Rather, it is intended to sit alongside finance policy documentation that will be the subject of national delegate conference (NDC) agreement.

The review has also seen the exciting development of an online branch accounting package that is a bespoke product for UNISON branches. Designed 'to take the accounting out of accounting', this package has been universally welcomed and will be rolled out to branches over the coming year or so.

Finally, our training courses will be revamped to encompass these new developments.

I hope you find this handbook a useful resource that, sitting alongside the many other developments that the review has brought about, will bring our branch finances into the 21st century.

### **Mike Hayes**

Chair, finance and resource management committee  
February 2011

## INTRODUCTION

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Each year UNISON branches up and down the country appoint a treasurer to 'look after' the branch's money but all too often little or no support is forthcoming either locally or nationally. A willing volunteer is often elected without the volunteer or the members that elected him or her fully understanding their roles and responsibilities. To address this issue we are providing this handbook – UNISON Branch Finances Handbook – not only for treasurers but also for all branch committee members and budget holders.

It is important to understand that our collective financial responsibility extends beyond UNISON's own rule book and includes compliance with the Trade Union and Labour Relations (Consolidation) Act 1992\* as well as the requirements of Her Majesty's Revenue and Customs.

All of these responsibilities will become much clearer as you read through the chapters of the handbook. The handbook is intended to be a comprehensive manual that provides information on the administrative roles and responsibilities of branch treasurers, branch committees and budget holders.

The financial roles undertaken by branch officers and the branch committee should reflect their level of authority and responsibility. In this way branches and thereby UNISON as an organisation can ensure transparency and accountability over all finances, financial systems and procedures – and ensure compliance and adherence to the aforementioned legislation.

The handbook begins with a chapter on 'Starting out' which is primarily for newly elected branch treasurers. Nevertheless, all treasurers are encouraged to review its content, particularly as recommended policy, best practice and compliance issues are documented.

The main body of this handbook is written in chapters around the diagram on page 6 that illustrates a typical accounting cycle for a branch. For most treasurers new to the role some of the references may be unfamiliar, but the chapters explain all the main financial processes and procedures and recommend best practice as appropriate. At the end of the handbook is a chapter on internal control policy that brings these all together. We will expect all branches to implement and adhere to this policy document.

Branches should ensure their branch assessment includes discussion of finance, particularly on compliance and funding. If a branch is identified as having continuing exceptional needs it may, with regional approval, apply for financial assistance under Section C of the branch funding scheme.

The technical details of the accounting and bookkeeping roles, particularly our online branch accounting system, are not covered in this handbook. So you will not find specific explanations about maintaining records, reconciliations and production of accounts here. These are covered fully in our training and accreditation courses and full details can be obtained by contacting your regional education officer.



\*[opsi.gov.uk/ACTS/acts1992/ukpga\\_19920052\\_en\\_1](https://opsi.gov.uk/ACTS/acts1992/ukpga_19920052_en_1)

**Dave Prentis**  
**General Secretary**



Congratulations on becoming a UNISON branch treasurer. You are part of a team of around 1,100 volunteers who share a collective responsibility to look after and report upon the union's funds. It is an important job and most treasurers find the experience both challenging and rewarding.

In this chapter we hope to provide you with an enjoyable overview of being a branch treasurer before you begin in earnest, and to help you avoid some of problems and pitfalls experienced by some newly elected treasurers. The aim is provide you with a solid foundation from which to move forward to some of the more technical aspects of the role.

The key is to get an early grasp about what is required. This is commonly referred to as 'how to avoid the five p's of bad accounting practice', namely: poor preparation produces poor performance.

In this chapter we aim to give you clear guidance on how to prepare for your elected term in office as treasurer of a UNISON branch even before you sign or bank your first cheque.

There is no one tried and tested system to manage the changeover from a retiring treasurer to a newly elected one, since most treasurers do not work in exactly the same way. National rule G4.3.2 requires a branch treasurer 'at the end of her/his appointment (and at any other time when so required by the General Secretary) to deliver to the Branch Chairperson or such person as the General Secretary may appoint all accounts, financial records and money belonging to the union'. What you will need is a good understanding of what all this actually means.

At the end of this chapter is the Treasurer's Toolkit. This lists all the documents that should have been passed to you or that you will have access to from branch archive records – and the purpose of these documents.

There is also a list of things to do covering the key duties and responsibilities of a UNISON treasurer from taking office to the end of the union's financial year (31 December).

The first tasks you need to tackle fall into five categories. Please read them all before you begin 'starting out'.

## **ADMINISTRATION**

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The most efficient accounting systems are supported by well thought out administrative systems. You need to decide where you want to keep everything and where and when you can be contacted during the day. It is essential to allocate some time each week to administrative tasks to avoid building up a backlog, which experience teaches is the scourge of all treasurers.

Look carefully at what your predecessor kept as usually this will be a good starting point. Take a look at the Treasurer's Toolkit and compare this to what has been passed to you. We recommend that you talk to the branch auditors about any improvements they might suggest. Usually they are a very good source of information and do not be afraid to approach them.

You will almost certainly need files for unpaid bills and then, depending on the number of transactions, separate files for all receipts and payments. As yet we have not come across anything to replace lever arch files for keeping and filing documents. If you have inherited old ones now is a good time to replace them. Also a lockable cash box is ideal for storage and security, especially for cheque and paying-in books and petty cash if this is used by the branch.

Some branches have their own office and/or storage areas but decide on what will work best for you. Make sure that you let all branch officers know where you have decided to store archive records and have their location minuted in branch records. If you do find it necessary to keep some records at your place of work make sure you maintain these records in subsidiary files and regularly incorporate these with your main filing system.

Next take a look at the branch claim form. If there is not an official branch form in use or your form is in need of modernisation you may download a copy from [www.unison.org.uk/activists/branchresources.asp](http://www.unison.org.uk/activists/branchresources.asp). You can amend it to suit the requirements of your branch.

Now is also a good time to review how claims will be processed, approved and paid. Again, think carefully about what will suit you and discuss your thoughts with the branch committee, especially if not all officers are based at one location.

Finally, look through the toolkit once more. This is an ideal time to ensure you have sufficient supplies of those items you know that you will be using and, with the approval of your branch committee, to renew, update and/or replace them as necessary.

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## **ACCOUNTING**

At the same time as you review administration, you should look at the last audited accounts for the branch. 'Audited' means that the branch auditors have examined the accounting records and signed an audit certificate expressing their opinion that the accounts give a true and fair view of the financial position of the branch.

You should not be expected to accept any responsibility for the accounting records or paperwork until the previous year's records have been audited (see also Bookkeeping below). Similarly, if you have taken over a part of the way into a year you should request an interim audit is carried out before you take over full responsibility. If auditors have not been appointed you need to contact your region who will advise you.

In accounting terms, what you are looking to do is to 'account for' – that is to prove or confirm – all assets and liabilities that were reported to the annual meeting of the branch (rule G3.4.2).

It is a simple matter of working your way systematically through that report (commonly referred to as the balance sheet). The Treasurer's Toolkit contains details of everything you need to refer to. Here again, speak to your auditors if you encounter any problems.

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## **ARCHIVING**

If the accounts have been audited and you are satisfied (accounted!) with the reported assets and liabilities, you can archive all last year's paperwork except those documents listed in the toolkit. If you are all unsure about what to keep with the current year's paperwork and what to archive, take the opportunity to talk to the auditors.

Each branch should retain records for six years prior to the current year, in other words seven in total. This is a statutory requirement. If the branch keeps a fixed asset register it is advisable to keep individual records until the asset is no longer in use and make sure the location of each asset is known and documented.

If the branch owns or leases a property please email any questions to [s.loizou@unison.co.uk](mailto:s.loizou@unison.co.uk)

The key objective of archiving is to comply with the six-year rule and, of course, rule G4.3.2 when your term in office comes to an end.

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## **AUTHORITY**

You need to let your regional office know that you are the new treasurer so that all future paperwork is sent to you. There is an official form for this purpose that you can obtain from your region. Please do take care to nominate the address you want your treasurer's mail to be sent to.

You will need to change the authorised signatories to all bank, building society and investment accounts. You will also need to change any other documentation relating to branch assets to reflect the new signatories. You should already have a good idea about which accounts and other documents you will need to update from your review of the assets and liabilities.

Although wherever possible you should always be a signatory on all cheques issued, in reality this may not always be possible, eg when you are on annual leave. We recommend you raise this issue with the branch committee which should agree and minute arrangements to ensure there is no undue delay in payments, particularly members' expenses. Remember it is far more important for you to ensure that the correct checks and balances and processes and procedures are in place (that we refer to later in this handbook) than it is for you to always sign cheques.

This is also an ideal time to review all your banking and investment arrangements and to check that these are all held in the correct UNISON name of the branch. You can obtain all the necessary paperwork to amend signatories and the branch name from your bank/building society. Please also read the Banking, Investments and Taxation chapter (Chapter 6).

We recommend that branches consider Unity Trust as their bankers given UNISON's special relationship with the bank. Unity Trust Bank has a dedicated team to advise you on the most appropriate type of account(s) for a branch of your size, membership, income and reserves. It can also provide details on internet banking which will enable you to manage your banking more easily, and deliver real benefits and cost savings without compromising security.

Please visit the Unity Trust website for further help and information or contact Unity's TU Team on 0845 140 1000.

You should consider the authority you need to make payments on behalf of the branch. You should be looking to secure the authority of the branch committee to make payments without always having to obtain approval each time.

One issue you should resolve quickly is what scale of expenses the branch will pay. To this end please read the NEC scheme for the payment of expenses in branches. Please make sure you are not exceeding the limits set.

Also you should introduce a budgeting process as soon as you can if your branch does not already prepare a budget. If this is the case, please make reading the chapter on budgeting an early priority. Some branches delegate the day-to-day management of their finances (including budgeting) to a subcommittee of the branch committee, commonly called the finance/finance and resource management committee. Such committee structures are encouraged but each branch should consider what works best for them. If such a committee does not exist you may care to discuss this with the branch committee and to agree the best way forward for your branch.

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## **BOOKKEEPING AND FINANCIAL ACCOUNTING**

Good treasurers do not need to be qualified accountants but first and foremost they do need to be good at keeping books and records that are well thought out and orderly. However it is important that you have a clear idea about the overlapping nature of both tasks – bookkeeping and financial accounting – and how one affects and interacts with the other. All financial accounting, whether monthly reports to the branch/finance committees or the annual branch accounts, relies on up-to-date and accurate records.

Unless you are experienced in the technical bookkeeping and financial accounting roles you will most probably benefit from attending a UNISON training course.

## THE TREASURER'S TOOLKIT

Item	Main purpose	Source
The handbook on branch finances	For day to day reference throughout the year.	Available to download at <a href="http://www.unison.org.uk/activists/branchresources.asp">http://www.unison.org.uk/activists/branchresources.asp</a> . From 2012 will be integrated into the OLBA.
Rules (national and branch)	For day to day reference throughout the year	Branch committee/UNISON website
Branch scheme for expenses	For day to day reference throughout the year	Branch committee NEC scheme for expenses. Available to download at <a href="http://www.unison.org.uk/activists/branchresources.asp">http://www.unison.org.uk/activists/branchresources.asp</a> .
Cash analysis book (bound)	Keep records of your receipts and payments Cannot produce your accounts without one	Online (Google search for Collins Cathedral Analysis Book)
Petty cash tin	A secure place for documents For petty cash, cheque book, prepaid card/ credit card	Any stationery store
Lever arch files	Filing: Last year's accounts and all supporting paperwork Current year budget Reports to branch committee Receipts, payments Correspondence Bank statements and reconciliations Fixed assets register Unpaid bills	Any stationery store
Vertical storage boxes	Store prior year records after audit	Any stationery store
Storage wallets	Store prior year records after audit	Any stationery store
Calculator	We all need help adding up	Any stationery store
Cheque book	To pay bills, expenses	Your bank
Paying-in book	To bank cash and cheques paid to branch	Your bank
Hole punch	To aid filing	Any stationery store
Stapler	Keeps receipts and claims together	Any stationery store
Petty cash vouchers (invoice book)	To issue in support of petty cash receipts and payments	Any stationery store
Envelopes	Mailing	Any stationery store
Expenses forms	Issue to members	Branch
Branch minutes (AGM, finance, branch committee)	Independent evidence supporting payments Good practice	Branch secretary
Computer/laptop	Maintain electronic records, particularly receipts and payments Produce reports Write letters	UNISON national scheme

## THINGS TO DO

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### For the coming year

- Attend an activist training course to become an accredited treasurer.
- Find out when the branch committee meets and diarise when you need to prepare reports for the committee and budget holders.
- Brief the whole branch committee so they are all aware of their financial responsibilities, including budgeting and internal control.
- Prepare and agree a branch budget (see Chapter 2).
- Calculate your branch funding entitlement (see Chapter 5).
- Review and agree with the branch committee your banking and investment policy.
- Review and agree your insurance requirements and notify head office about any changes required.
- Move your branch insurance onto the national scheme.
- Agree scale of expenses (hotel costs, travel & subsistence).
- Amend expenses forms as appropriate.
- Implement any recommended changes made by your auditors.
- Decide if you are going to keep manual or electronic accounts.
- Ensure any proposed expenditure is in accordance with UNISON policy.
- If in doubt seek assistance from your region.

### During the year

- Receive all income due to the branch and ensure where appropriate it is banked in a timely manner.
- Ensure all payments are authorised by budget holders (or those with delegated authority).
- Make sure all subscription income due in respect of your members is sent in its entirety to head office.
- Keep cash book up to date and regularly reconcile cash book to bank statements.
- Arrange for an interim audit.
- Prepare management accounts.
- Monitor and review budgets.
- Report to the branch committee.
- Maximise investment income.

### At the end of the year

- Prepare accounts for branch annual meeting.
- Prepare annual return for head office.
- Have accounts and return audited.
- Present accounts to AGM for approval.
- Submit return to head office on time.

## INTRODUCTION

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In this chapter we introduce the concept of financial management – ie managing the branch finances to achieve the financial objectives as agreed by the branch committee. There are three key elements to successful financial management. These are:

- **Financial planning:** has the branch sufficient funds in the short and medium term to meet its aims and objectives? In this respect we will be looking at budgets and cash flow forecasting.
- **Financial control:** this is important as it helps to ensure that your branch is meeting its organisational goals, that assets are being used efficiently and effectively, and that the branch committee is acting in the best interests of its members within branch and national rules. Financial control also applies to the custody and security of assets.
- **Financial decision making:** the key decisions will be which areas of activity to support financially, which not to support, and those where a decision is to be deferred. Decision making also includes when and where to make investments and whether to use reserves to meet any shortfall in revenues.

We will consider each of these elements within the overall structure of budgeting.

We recommend that you use the budgeting functionality included in the online branch accounting system that makes your tasks easier. Full training is included in our training and accreditation courses.

## BUDGETING

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This section covers the first task in the branch accounting annual cycle: preparing your branch budget. Without it no financial management or financial reporting can take place. A good starting point would be the previous year's accounts. The process itself embraces planning, control and decision making. Therefore our advice aims to help branches plan, prepare, monitor and review their budgets each year. Your branch should aim to set a balanced budget – planned revenues (income) = planned expenses (expenditure).

Planned expenses can be either

- capital, that is expenditure on a fixed asset (eg property, fixtures and fittings, equipment etc) or to add value to an existing fixed asset or
- revenue, that is expenditure on the day to day running of the branch.

Please take account of these differences when you read the section on preparing a budget.

Financial reporting is reviewed in the next chapter.

## OVERVIEW

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The word 'budget' comes from the Old French *bougette* which somewhat appropriately means 'purse'. In simple terms a budget is your branch's organisational plan converted into money.

The money is what the branch is going to spend in achieving its objectives (planned expenses) matched to what the branch is going to receive (planned revenues). Obviously, an objective for each and every branch must be to ensure that it is able to meet planned expenses from planned revenues. (Usually revenues should be greater than or equal to expenses but we will return to this topic later.) Meeting this objective will be difficult if not impossible without a formal plan, ie a budget, particularly where there are conflicting demands on the branch's financial resources.

Preparing, monitoring and reviewing the budget is the collective responsibility of the branch

committee where each officer/budget holder has specific roles and responsibilities within the overall budgetary processes.

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## THE BUDGET AND THE BRANCH COMMITTEE

Each year, every member of the branch committee shares a collective responsibility to report to the annual meeting of the branch on the branch finances and presentation of branch accounts (rule G3.4.1). As the branch committee is responsible to the membership then it is logical that it must:

- set a budget
- regularly plan, monitor and review the branch finances and
- take corrective action if necessary.

To this end the budget should be a standing branch committee agenda item, and the committee must minute all decisions and actions. This will be useful for a number of reasons. As mentioned in *Starting Out*, a treasurer requires the authority to make payments on behalf of the branch. Agreeing a budget and minuting decisions is by far the best way to do this so that the treasurer does not need to seek the approval of the committee for each and every payment made. Also, working in this way will help the auditors when they review systems and procedures, as well as any member who, under section 30 of the Trade Union and Labour Relations (Consolidation) Act 1992, has the right to inspect the accounting records of the branch.

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## THE BUDGET CYCLE

In the long run the annual financial cycle ought to become seamless even though there will always be monthly, quarterly and annual activities. The cycle will usually start around September with budget holders submitting their plans and then pass through reviewing and approval processes. Then the cycle moves on to monitoring, reporting and taking corrective action if necessary. (See branch accounting year chart on page 6.)

For some branches preparing an annual budget may be sufficient, but the most effective budgetary system is to adopt three- or five-year planning cycles.

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## PREPARING A BUDGET

We recommend that around August or September each year the treasurer puts together some of the key financial data for the branch committee and budget holders. The treasurer should use the online budgeting software and complete the section on planned revenues in as much detail as possible before moving on to the section on planned expenses.

For many branches planned revenues will simply be the funding they receive under rule H4.1 so it will be advantageous to read Chapter 5 on branch funding.

In completing the section on planned expenses, remember that one of the keys to successful budgeting is to determine which items of expenditure are capital as opposed to revenue. This is because in the short term you will be able to exercise less control over fixed expenses (eg lease agreements) and why we recommend three- to five-year planning. In the longer term it will be possible to vary all expenses.

Therefore fixed expenses will be the first items to include within the planned expenses section of the budget and usually the treasurer should be able to complete that part without too much trouble. In addition capital expenditure should be planned so as to meet the demands of the branch. Generally the cost of such items is usually high and it is good practice to manage finances so as to allocate some of your planned revenue each year towards meeting the repair, modernisation or replacement of such assets. It is prudent to add such allocations to fixed expenses.

Having completed the section on planned revenues and calculated fixed expenses and any allocation to capital expenditure, what remains is money available to spend on all other expenses without recourse to your branch reserves. To complete the overall budget, the branch committee and budget holders will need to be involved.

We recommend the branch committee should wherever possible delegate budget heads to the appropriate branch officers. It will be their duty to prepare the necessary paperwork (their budget bids) for inclusion in the first budget draft which will be considered by the branch committee (or finance committee if delegated).

The treasurer will collate all budget bids and finalise the paperwork for the committee.

If budget heads are not delegated the remaining budget should be set by the branch committee.

Some branches will find it helpful to prepare phased budgets for management and reporting purposes. 'Phased' in this context means when revenues are receivable or expenses are payable, so the treasurer may ask budget holders to prepare their budgets in calendar months. Asking budget holders to phase their budgets will also help complete a cash flow forecast.

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## **APPROVAL**

The initial step of the approval process is to review the first draft to ensure that all budget bids are consistent with the branch's assessment. This is the responsibility of the branch committee although it can delegate it to the treasurer.

If it is delegated, the treasurer will usually resolve any problems with budget holders before the branch committee considers the first draft. However, all budget holders should present their budget bids in detail to the branch committee in order to secure funding.

This is an ideal time for the branch committee to examine its overall organisational goals and whether to extend or narrow the scope of each budget bid. In doing so, the committee will need to consider both time and resources as some goals may extend beyond the next financial year or, just as important, the branch may not have sufficient funds to meet all the goals.

Planning over periods longer than one year will help the branch manage goals where costs need to be met beyond the current year. Moreover, the branch may decide to utilise any reserves to meet any shortfall or to postpone expenditure.

Planning over longer periods will help the approval process but the branch should only approve a budget when it is satisfied it reflects the branch committee's aims, values and objectives. Wherever possible, once a budget has been approved the budget holder should authorise all expenses made from that budget.

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## **MONITORING AND REVIEW**

The treasurer usually monitors the budget to ensure there is no overspend but more specifically that budget holders are carrying out their duties and responsibilities. More often than not a budget that is significantly underspent is an early indication of inaction or inactivity.

As previously mentioned, the budget should be a standing item on the branch committee agenda. Before every committee meeting the treasurer must issue each budget holder with a copy of the management accounts showing activity between meetings as well as the year to date position. Budget holders must review the management accounts and raise any issues directly with the treasurer who should provide a more detailed analysis if required. Budget holders should also be prepared to answer any questions when the committee meets.

Preparing a phased budget will help to compare projected expenditure (phased budget) with actual expenditure. Typically each branch will want to set its own criteria for reviewing variances

(differences) but at the very least the committee should review whether the assumptions made at the time it prepared the budget are still valid. If not, the committee is perfectly within its rights to amend the budget by releasing more funds or capping any further spending.

## **CASH FLOW FORECASTING**

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Budgeting would not be complete without reference to cash flow forecasting. This forecast should be prepared alongside the budget for a year in advance and be broken down in to quarters and months using the online branch accounting system. The intention is to match planned revenues against planned expenses so that financial and management decisions can be taken.

In some cases the branch may well be able to meet all its planned expenses from planned revenues but it may have cash problems in some months. For example, one of the core planned expenses for branches will be attendance at national and service group conferences. In particular nearly all branches will spend most if not all their conference budget by June each year – that is whole year's spend in the first six months. This may well cause a short-term cash flow problem.

As already mentioned, budget holders should be asked to give details when they are likely to spend their budget allocation, to which the treasurer will add the amount for all fixed expenses. If there are identified short-term cash problems the branch can then consider a range of options that would otherwise not be open to them. These will include:

- utilising reserves to make up any shortfall
- deferring expenditure
- negotiating different payment terms.

Finally, preparing a cash flow forecast will identify when the branch can invest surplus funds to maximise income. This will be vital especially for those branches that need to increase their revenues.

In conclusion, budgeting is perhaps the most important financial task that is undertaken by the branch committee. The benefits are not immediately obvious but with planning a branch can exercise control that aids decision making.

## INTRODUCTION

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Financial reporting is the process of producing and distributing financial information to members of the branch committee, budget holders and members of the branch. The responsibility for producing such reports usually rests with the branch treasurer.

The financial reporting module within the online branch accounting system enables your branch to select which optional reports it wants to produce, eg management accounts. To make management accounts easier to understand, it may be helpful to committee members if you supplement your figures with graphs/charts or a written report.

This chapter explains the main types of financial reports that you can produce, the information they contain and the reasons for producing them. In this way each branch can then make informed decisions on its requirements so that the treasurer can plan for the forthcoming year. By and large these decisions will be on the timing and frequency of such reports.

The outputs of financial reporting are key to financial management.

## BRANCH ACCOUNTS

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Branch accounts are commonly known as the income and expenditure account (I&E) and the balance sheet.

UNISON rule G3.4.1 requires a report on the branch finances and the presentation of branch accounts at the annual meeting of the branch – to be held between January and March each year (rule G3.2).

As UNISON is a not-for-profit organisation, our branches are required to prepare an I&E account. This is similar to a profit and loss account except that, as the main purpose is not generating of profit, a branch will record a surplus where income exceeds expenditure or a deficit where expenditure exceeds income.

In accounting the matching concept requires revenues (income) and expenses (expenditure) to be matched to the period in which they relate, not to the period in which they are received or paid. For branches however the exceptions will be branch funding and honoraria which must be included in the I&E on a cash basis; that is the year in which they are received or paid.

Typically the record of financial transactions maintained by branch treasurers is for a year at a time (between 1 January and 31 December). For many branches there will always be revenues and expenses that are received or paid outside of these dates. Including these (that is matching) converts what are essentially receipts and payments into income and expenditure. This is the type of accounts that we require our branches to prepare. Treasurers who have an accounting background will understand this concept. If not, the training and accreditation courses will supply a more detailed explanation of recording and managing these transactions.

**The I&E** tells a story about the financial activities of the branch committee, particularly its spending. To reiterate the point made in the budgeting chapter, the accounts should reflect the organisational goals of the branch and how much was actually spent on these. The committee is empowered to act and take such decisions on the membership's behalf. The accounts are a transparent way to report on that delegated authority.

When the accounts are presented to the annual meeting of the branch, the membership has the opportunity to discuss current spending policy and whether to approve these.

While the I&E details the financial transactions for an accounting year, **the balance sheet** is a snapshot of the branch's assets and liabilities on a specific date. For UNISON branches this is 31 December. In simple terms, assets are things of value that can be converted into cash (*owned* by the branch), while liabilities are obligations arising from past transactions

or events (*owed* by the branch). Each year the financial position of the branch will change commensurate with the surplus or deficit for that year.

Usually over time surpluses will exceed deficits and these are held in what are commonly known as 'accumulated funds'. It therefore follows that a branch's accumulated funds will equal its assets less its liabilities. This is why the balance sheet is so called as it must 'balance'.

If the branch has prepared, agreed, monitored and reviewed its budgets then the branch accounts will reflect what the branch committee set out to do and will report this (in compliance with rule G3.4.1).

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## MANAGEMENT ACCOUNTS

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There is no national or branch rule or statutory requirement for a branch to produce management accounts. Nevertheless it would be difficult to run a branch efficiently and effectively without producing them. Management accounts should therefore be produced and used for planning and control and decision making purposes. The process starts with preparing a budget and cash flow forecast, both of which were covered in detail in the chapter on managing your budget.

The treasurer should produce the management accounts for each planned branch meeting, usually around two weeks in advance. This will give committee members and budget holders time to review them. The management accounts will bring together in one report:

- budgeted revenues and expenses compared with year to date transactions
- forecast revenue and expenses to the year end.

Management accounts enable the branch to compare accounts with original budgets and forecasts. They will also enable the branch to:

- take corrective action by highlighting variations in revenues or expenses
- make more effective use of current and future resources.

There would be little or no point in preparing budgets without producing management accounts and regularly monitoring and reviewing them.

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## AUDIT

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A chapter on financial reporting would be incomplete without reference to audit. The guide to branch auditors sets out their role, duties and responsibilities.

The auditors are tasked with preparing and presenting their report each year to the branch committee. Their report should comment on systems, documentation, observance of rules, use of branch funds, and administration much of which is covered in the chapter on internal control. The committee is responsible for considering and implementing any recommendations.

The branch committee should schedule this meeting in its calendar, having first discussed it with the treasurer and the auditors so that they are comfortable with the timetable. The committee must also have regard to the planned annual meeting and the national rule G9.1 when agreeing a date.

The online branch accounting system will provide a module for branch auditors.

In this chapter we will look in more detail at the accounting processes, procedures and records for a representative UNISON branch. The intention is to put into context the topics introduced in Chapter 1 (Starting out) and to ensure you meet the requirements of sections 28 to 31 of the Trade Union and Labour Relations (Consolidation) Act 1992. This chapter will be of most interest to the branch treasurer, although where appropriate the branch committee will need to discuss, agree and communicate the procedures it is to operate under to all activists, particularly budget holders. Full details on these are in the chapter on internal control.

In reality new treasurers will skip year one in the branch accounting timeline cycle as most are elected (rule G3.4.2) at the branch annual meeting (rule G3.2) that is held between January and March. Although this is the first task listed it is assumed that the branch has a budgetary process in place.

The accounting process is a series of activities that starts with a transaction (a receipt or payment) and ends with the inclusion of that transaction within the branch accounts (I&E) and annual return (rules G3.4.1 and G10.1). The diagram at the end of this chapter illustrates all the processes, procedures and records and their relationships that operate within a typical UNISON branch. Most of this chapter is now devoted to explaining these.

The accounting process starts with the production of an agreed budget. This part of the process was covered in detail in Chapter 2 – Managing your budget. The role of branch committee and budget holders within this process should be much clearer now. To all intents and purposes it is these groups that create financial activity and who require training in their roles and responsibilities.

The branch treasurer is responsible for making all payments and banking all receipts. The branch committee will be acting *ultra vires* (that is beyond its powers) if it in any way attempts to circumvent this process unless it has justifiable reasons to vary or withdraw this authority. 'Justifiable reasons' in this context will be concerns about the custody and security of branch assets. If this is the case the branch must contact its region immediately.

## PAYMENTS

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The next section explains the process for payments from activity, through invoices and expenses, to authorisation and then payment. The role of the treasurer is crucial. The branch committee should review and communicate to budget holders the requirements detailed in internal control, but it will be the treasurer who ensures they are complied with – in the knowledge that the auditors will review compliance and comment on any exceptions. The treasurer must report any attempt at circumventing these requirements to the branch committee.

All payments should be made by cheque from the branch current account – never from a savings or investment account. To this end each branch must open a current account *in the name of the branch*. On each and every cheque issued there must always be two signatures, one of which should be the treasurer's. In opening a current account the branch should nominate at least three other signatories in addition to the treasurer and should change these as required following changes to representation on the branch committee. A signatory must be an elected officer of the branch committee (rule G4.1.1).

Cheque payments must only be made if a member submits an invoice or an expense claim form and supporting documentation wherever possible. All invoices must be approved by the budget holder or the person(s) nominated by the branch for this purpose. **All expenses should only be paid if they conform to the scheme for expenses and are accordingly authorised.** Budget holders cannot authorise their own claims for expenses or for goods or services purchased for use by them (eg mobile phone or laptop) or for use by the branch. Usually the purchase of goods and services will have been agreed by the branch committee. Budget holders are also responsible for coding all invoices and expenses (ie deciding which

budget head will meet spend) especially where the amount to be paid covers more than one budget head. The treasurer should refuse to make any payment if this authority and/or budget details are not forthcoming or if a payment would exceed the agreed budget. In this latter case the branch committee may decide to delegate authority to officers (eg treasurer, chair, secretary) to take decisions between meetings to whom the treasurer will refer before making a payment.

In addition, the second signature on a cheque must *never* be the same as the authorising signature. This is:

- to ensure that all payments follow the same process and are properly approved and paid
- to safeguard branch funds
- to protect the branch treasurer.

When issuing cheque payments (especially when paying expenses) we advise that the claimant signs their claim form confirming receipt of payment. In this way you will have four independent signatures for each payment (the authoriser's, the treasurer's, one other signatory's, and the claimant's). This ensures you have a safe and secure payment process as well as a very good audit trail.

In Starting Out we referred to the type of filing system a treasurer would want to keep. Whichever system you decide upon, it is always good practice to update all invoices and expenses forms with the cheque number you used to make the payment. It is also good practice to enter as much detail as you can on the cheque book stub as a back up to your records.

If you need to have petty cash do not use it to pay invoices or expenses. When making cash payments (eg for office incidentals) you should follow the normal procedures on authority. If you do use petty cash please use the imprest system, that is, a fixed amount is agreed (as a float) and this is replenished back to the agreed fixed amount following any cash expenditure.

Always make sure you reconcile receipts, spend and remaining balance before replenishing. Any discrepancies should be reported to the branch committee.

## RECEIPTS (CASH & CHEQUES)

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This section deals with all cash received and banked by the branch. 'Cash' in this context is defined as money received in the form of actual cash, postal orders and cheques. All 'cash' must be banked intact, kept in a secure place if left overnight and not used to top up any petty cash balances or spent elsewhere. In this way all receipts and payments should pass through the bank account and will be supported by and validated against authorised and signed vouchers kept systematically in files.

If the branch regularly receives cash we recommend that you review your insurance cover.

We do have a national scheme which your branch can join. Details can be found at [willis.com/Client\\_and\\_Carrier\\_Tools/](https://willis.com/Client_and_Carrier_Tools/). Select Log in; username: UNIS.BRANCH; Password: mabledon.

Branches must not receive money in any form other than cash, postal orders or cheques (eg direct debit, credit or debit card) from members. If a member wants to pay their subscription by credit or debit card they should be referred to the Income and Membership Processing Section (IMPS) which will make the appropriate arrangements or join online at <https://join.unison.org.uk>

We recommend that the treasurer issues a signed receipt for all cash received and retains a copy in the branch files together with any other associated paperwork in support of the receipt. You will need this to update the cash book as well as for audit purposes.

## CASH BOOK

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As you have by now no doubt become aware, accountants have their own library of jargon that includes 'cash book'. The cash book is primarily used to keep a record of all receipts and payments that pass through the bank account for a financial year (1 January to 31 December). Cash book and reconciliations are an integral part of our training in the online branch accounting system.

You keep (maintain) a cash book for a year at a time as each year you will complete a set of accounts from these records. A cash book is part of keeping proper accounting records as required by legislation. More importantly, the entries you make will for the most part provide the information you need to prepare and complete bank reconciliations, branch accounts and the annual financial return.

## RECEIPTS AND PAYMENT FILES

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We covered the types of files you can maintain as well as archiving in Chapter 1. You should keep records systematically and logically and for a financial year at a time. We recommend that you keep documents in cheque number order for payments and in receipt number order for receipts. As these are referenced in your cash book, you are providing a good 'audit trail' for each record, thus keeping your auditors happy when they come to check your records.

## BRANCH PREPAID CARD (ALTO)/CREDIT CARD

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It is essential for branches, particularly branch treasurers, to maintain a day to day control of branch's funds. Yet many branches require the flexibility that comes with the use of cards for payments to those organisations that require upfront payments for advance bookings (eg hotels and travel). The use of cards if not managed carefully will directly conflict with managing and safeguarding branch funds.

It is with these in mind that we strongly recommend the use of Unity Trust Bank's branch ALTO prepaid card. The features of the branch Alto prepaid card are as follows

- Operates from one account
- Statements can be downloaded for control and reconciliation purposes.
- Multiple cards can be issued to budget holders (including the treasurer if approved).
- Limits to be agreed for each card
- Funds MUST be transferred onto the card (usually by the Treasurer) before they can be used.

Branches applying for Branch Alto card(s) must do so with the approval of their branch committee which must also agree the card holder(s) and the limit for each card held.

All expenditure from ALTO prepaid cards MUST be agreed in advance by the branch committee. The Treasurer will be responsible for recording, reconciling and reporting on all card transactions. If the treasurer is a card holder then two members of the branch committee (other than the Treasurer) must independently check the treasurer's transactions and they must report independently to the branch committee.

The Online branch accounting system enables treasurers to record, reconcile and report on prepaid card transactions.

If the branch currently has a credit card we recommend switching to an ALTO card. If not, it is essential that the branch maintains the strongest controls over the use of the credit card to protect the security of the branch's funds. The credit card must ONLY be used for necessary and authorised purchases and NEVER used to withdraw cash.

## **ELECTRONIC/ONLINE BANKING**

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Electronic or online banking is increasingly used by branches as a convenient way to manage their transactions. Direct debit, standing order and BACS direct credit transactions are all safe ways of making payments provided appropriate controls are in place. These controls should provide assurance that direct payments are only made for expenditure properly authorised and incurred by the branch.

The branch must have clear procedures in place to monitor, control and account for its online banking transactions.

## **BANK ACCOUNT**

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We have already covered opening and using your bank account but remember that your bank will also keep a record of all transactions it clears through your current account. This is why we insist that you only use your current account for all receipts and payments.

You should contact your bank and ideally arrange for it to send you a statement each month, although you may care to register for online banking. Unity Trust Bank offers this service – please read the section ‘Current account’ in Chapter 6 for details.

It is customary to keep bank statements in number. If you follow the recommended procedures for payments you and your auditors should not have any reason to obtain the cleared cheques from your bankers, particularly as most will charge for the service.

## **BANK RECONCILIATION**

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Most branches will receive a statement each month and we recommend that you carry out a bank reconciliation each time you receive one. This is the process of comparing and matching the figures in your cash book to those shown on your bank statement; in other words, proving they balance with one another. It is perhaps the most important accounting task you complete during the year.

The most important reason for doing this is to uncover any differences between your records and the bank’s. For each there is a simple solution and you should, wherever directed, correct any differences before proceeding further. The reasons why you should deal with these first will become clear as you work through this process.

As mentioned in the banking and investment chapter, this process is automated by the online accounting system for branches that use Unity Trust internet banking service.

## **BRANCH ACCOUNTS (RULE G3.4.1) AND ANNUAL RETURN (RULE G10.1)**

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The production of both of these is automated within the online branch accounting system.

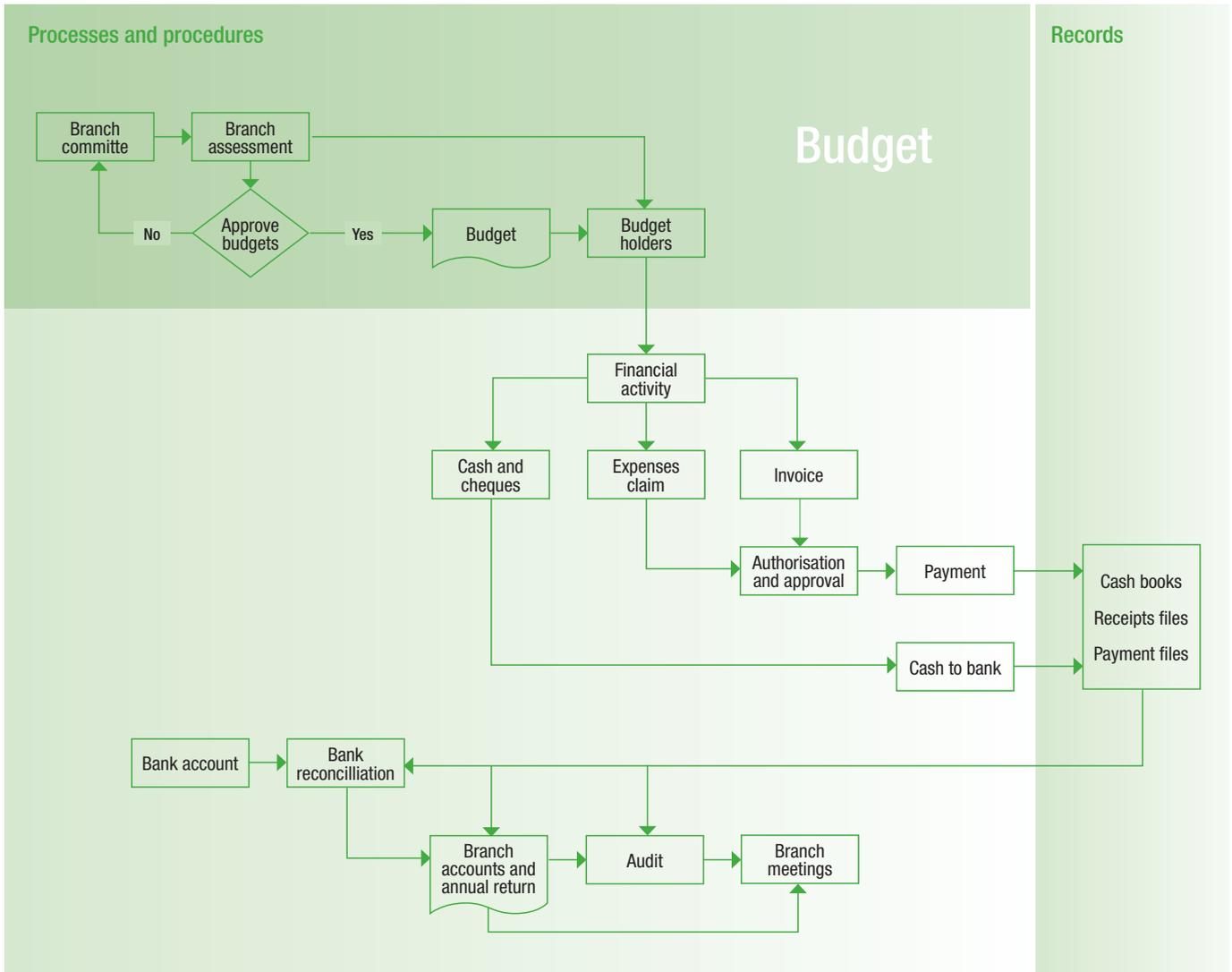
## **AUDIT**

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Full details on the role of the branch auditors are covered in the guide for branch auditors. A copy is available at [unison.org.uk/acrobat/B3012.pdf](http://unison.org.uk/acrobat/B3012.pdf)

For the treasurer it is important to keep in regular touch with the auditors. For large branches it may be useful to arrange to have the accounts audited halfway through the year (June/July) as this will undoubtedly help at the year end.

**ACCOUNTING PROCESSES, PROCEDURES AND RECORDS**



Please note that each branch has to comply with rule G9.1 (to submit an annual financial return) otherwise its funding entitlement is suspended under rule D1.3.3.3.

The full branch funding scheme as agreed at the 2002 national delegate conference (NDC) is available at [www.unison.org.uk/activists/branchresources.asp](http://www.unison.org.uk/activists/branchresources.asp)

## INTRODUCTION

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Under rule H4.1 each branch is entitled to receive regular payments of amounts which the NDC thinks appropriate to ensure the proper running of the branch and management of its expenses. This is commonly known as branch funding and is the main source of income (revenue) for your branch.

Before this system was introduced the overall amount of funding paid to all branches would vary year on year and made budgeting, particularly at national level, extremely difficult. The branch funding report to conference in 2002 sought to regularise the overall amount allocated to all branches within a fixed allocation of 23.5% of total annual subscription income.

The scheme has proved extremely successful in ensuring financial stability at all levels of the union and each year since its introduction we have been able to fund all branches within the overall 23.5% allocated. This is achieved by all branches receiving a standard percentage entitlement (20%) and additional percentage entitlements should the branch qualify for these. What should now become understandable is that we undertake a calculation for each branch for each financial year.

The success of the scheme in operation does rely on a working partnership between branches, regions and our Income and Membership Processing Section (IMPS) in Manchester. This will ensure that each branch is paid the correct amount each year.

Therefore this chapter not only explains the individual components of branch funding to help you with your annual calculation but also sets out to improve your overall understanding of the scheme so that you know what to do should problems happen.

In Chapter 2 we referred to the importance of calculating planned revenues as part of the budgeting process. As already mentioned, branch funding is the main source of your revenue (income) so you will need to have a reasonable understanding of the scheme and how it applies so you can:

- make a reasonable assessment on what money the branch has to spend in advance of receiving details from IMPS
- check all the details provided by IMPS for completeness and accuracy.

## DEFINITION

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Branch funding is simply money paid to the branch; but for your branch the definition is 'the **percentage** of our members' **subscriptions** paid each year to the branch'.

## CALCULATING YOUR PERCENTAGE ENTITLEMENT

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Reading the scheme for the very first time and then trying to apply it to your branch can be quite daunting. However, all we are doing is taking your branch information, applying this to the scheme, and then calculating your percentage.

The calculation is based on a number of components so it is important to explain these and how they may affect your branch's percentage entitlement. Full details of each component and how to apply these are available [www.unison.org.uk/activists/branchresources.asp](http://www.unison.org.uk/activists/branchresources.asp). You will find it easier if you work through the detail of each component one at a time. Remember, if there is something you do not understand please contact IMPS in Manchester who will be able to assist you.

## **CALCULATING THE SUBSCRIPTIONS PAID BY YOUR MEMBERS**

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As you will expect, we provide you with a statement that details the subscriptions paid by your members from all sources. Only those subscriptions paid by full, student and unemployed members are included in this section as retired members' subscriptions are payable to and retained by the branch without deduction.

Please note that under rule H2 all subscriptions are to be sent to head office (in this case IMPS). If for any reason you collect subscriptions locally you will need to:

- send payment for these to IMPS with as much supporting information as possible (amount, who it is for, period covered)
- wherever possible rearrange for payments to be sent to IMPS or move members onto the national direct debit collection system.

Your role is to check the statement is a complete and accurate record for your branch and reaffirms that the process is a partnership. The statement comes with comprehensive notes so there is no need to explain these here.

**Only when you are satisfied that both your entitlement and statement are correct should you settle or agree to be paid your statement balance.**

**Please note that when you agree your statement it becomes your total annual subscription income we and you use for calculating your low subscription entitlement (if any).**

Some branches may have continuing exceptional needs for which special funding may be required. Section C within the branch funding scheme refers to a branch making a request and submitting this to the NEC. The branch assessment process is usually the correct forum for branches to liaise and work with their region, should the branch consider such an application. Your full-time officer will be able to advise the branch and to help with its application.

## **PARTICIPATION**

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There is a penalty applicable to a branch's entitlement should it not meet the conference attendance criteria as detailed in the branch funding scheme.

## **APPEALS PROCEDURES**

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Branches may appeal against penalties applied for failure to comply with G9.1 and/or participation under the provisions of rule D1.3.3.3 and rule H5. In such cases the branch will be contacted by the region.

In this chapter we will cover banking, investments and taxation, including the type of accounts to be held and your UNISON rule book, and legal and statutory requirements. (Taxation will exclude branch-employed staff as this subject is covered in the policy handbook.)

Some references in this chapter are repeated elsewhere in this handbook but are included here given their relevance to the topics being covered.

## CURRENT ACCOUNT

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It would be extremely difficult (if not impossible) to keep control of transactions as well as manage branch finances without a bank current account. One of the key independent checks on your branch finances is the bank reconciliation (covered in Chapter 4). Unless everything passes through the bank current account this key check will not balance.

The online branch accounting system interfaces with Unity Trust's internet banking service provided for our branches. This is designed to automate this reconciliation and leave you free to devote your time to some of the treasurer's other duties. Therefore, as you will expect, we encourage all treasurers to adopt the system and to use Unity Trust Bank.

In the past we used to advise branches to open different current accounts for separate funds usually because:

- it was easier to manage and account for transactions if separate current accounts were held
- different officers were appointed to manage separate accounts.

However, recent developments have changed our thinking as:

- the introduction of the online branch accounting system easily manages the accounting for transactions for separate funds, so multiple accounts are no longer necessary
- banks are now far more regulated which makes opening, closing and amending accounts more bureaucratic
- overall management, control, custody and security of branch funds become easier as well as reducing risk
- process, procedures and audit become easier.

To keep control of the branch finances you must ensure that all transactions pass through the current account, eg:

- all bills and expenses
- cheques and any cash
- branch funding
- direct debits and standing orders.

## INVESTMENTS

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If all transactions must pass through the current account why should a branch open any other accounts? Many branches will always hold money which is surplus to their day-to-day needs, so it makes sense to invest money in an interest-bearing account.

Again, maintaining the principle of keeping things simple, we recommend that you hold either a bank deposit account or building society account – but not both.

If you find that your branch holds different types of investment accounts we recommend you consolidate all balances into one account. Not only will this make your job easier at the year end, but the same issues detailed under the current account are relevant here as well.

There are three abiding principles to consider before investing branch funds:

### **1. Rate of interest**

How much interest can we earn on our investments? As investment income is a source of income mentioned in budgeting, branches should make every effort to maximise the earning potential of the money they hold, while having regard to accessibility and custody and security.

### **2. Accessibility**

Before investing surplus funds will you need to consider whether the branch will need access to funds in the short term. Usually you will secure a higher rate of interest if you tie up funds over a longer period. However, as treasurer you should not compromise branch activity by funds not being available.

### **3. Custody and security**

Clearly placing all branch funds on 12 red in a casino could perhaps secure a high rate of return but would not be very secure as custody will pass to the owners if 0 comes up! This is why we encourage branches to use Unity Trust or Britannia for investments as both custody and security are guaranteed in as much as they can be nowadays.

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## **ALL ACCOUNTS**

When you have decided which accounts are suitable for your branch make sure you report your preferences to the branch committee for approval. At the same time, agree who will be signatories to accounts – they do not all have to be the same – but you as treasurer must be a signatory on all accounts.

We recommend you register three or four signatures for each account. Any payment or withdrawal must always require two signatures. All accounts should be held in the name of the branch followed by 'branch UNISON'.

When considering who should be a signatory take account of how often you are required to make payments and make sure other signatories are not remote from you.

Make sure all decisions are minuted.

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## **TAXATION (EXCLUDING BRANCH-EMPLOYED STAFF)**

For branches tax matters in UNISON could not be any easier.

### **Corporation tax**

If your branch has any tax deducted from its investment income then all you need to do is to complete the form included with the annual financial return. We will recover this from HM Revenue & Customs and repay this to the branch. However, given our relationship with both Unity Trust and Britannia, they will pay interest gross and so you will not have to complete a return.

### **VAT**

Branches are outside the scope of VAT. Therefore they cannot be VAT registered and do not need to keep VAT records for receipts and payments.

## INTRODUCTION

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The last entry in the accounting cycle introduces internal control. There are numerous definitions of internal control, most of them drafted by professional accountants' organisations. Internal control underpins all of the mainstream financial activities detailed in the annual accounting timeline cycle.

Within the branch the responsibility for internal control does not rest solely with the treasurer or the branch committee. Ultimately it does rest with the branch committee but all officers and stewards will have some accountability for ensuring national and branch rules and policies and legislation are complied with.

Finally this is not an exhaustive document and each branch can adapt it to suit local needs.

## THE CONCEPT OF INTERNAL CONTROL IN UNISON

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UNISON branches should have adequate accounting systems to discharge their responsibilities to various stakeholders, including complying with statutory and regulatory requirements. A systematic approach provides checks and balances which help to avert bad financial practices. A vital responsibility of the treasurer and branch committee is to ensure that an effective internal control system is in place.

This document should be circulated to all branch officers, including the branch auditors. The branch committee must ensure that all provisions are in place and complied with.

Internal control includes all the policies and procedures adopted by the branch to achieve the orderly and efficient conduct of union business.

Internal control systems attempt to ensure that:

- the branch keeps complete and accurate accounting records so that financial transactions can be recorded and disclosed in an informative manner
- assets are safeguarded on behalf of the members
- error and fraud are prevented and are likely to be detected if they occur
- information (including financial information) can be prepared and disclosed in a timely and informative manner
- branch officers and the branch committee adhere to UNISON's policies and procedures
- the branch and its officers adhere to statutory and other regulatory requirements.

Internal controls need to extend beyond matters directly related to the accounting system.

## THE NATURE OF INTERNAL CONTROL SYSTEMS

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To ensure that internal control systems are put in place, system analysis and design must incorporate the following fundamental concepts.

### Segregation of duties

The branch must organise officers' responsibilities to ensure that key tasks are segregated to reduce the possibility of error, fraud or the manipulation of accounting or other records. Specific responsibilities to separate are custody, authorisation and approval, recording and execution of a specific transaction. Therefore a branch secretary cannot hold the post of branch treasurer.

**Physical access controls**

Only authorised branch officers should have access to the records and assets of the branch. The branch committee will need to establish a comprehensive recording system to maintain an audit trail of the location, custody and ownership of assets. In addition, access to and use of assets need to be carefully controlled.

**Authorisation and approval controls**

The branch committee or an officer delegated with this authority should authorise or approve all transactions. The branch committee should establish procedures which incorporate authorisation limits and how approval is to be given.

**Management control**

The branch committee must ensure that the control system is actually operated and adhered to. Systems must be regularly reviewed to test whether they adhere to pre-agreed standards. You can ask UNISON Internal Audit to carry out this review.

**Supervision and regular reconciliation**

The branch treasurer and officers of the branch committee need to be aware that their work may be checked. This knowledge should help to reduce the risk of error, falsification or fraud. The system should ensure periodic reconciliation of the accounts.

**Arithmetical and accounting controls**

Systems should be in place to ensure that transactions are accurately recorded. The branch treasurer or branch committee must ensure that they use techniques such as reconciliations, budgets and variance analysis and analytical review (appropriate for larger branches) to try to ensure records are complete and accurate.

**Branch officers**

The quality of any system depends on the competence and integrity of those responsible for operating it. Hence the training and experience of the branch officers are vital.

In addition, the branch committee has an important role in developing and communicating ethical and UNISON values and the importance of control issues throughout the branch.

Sound internal controls are essential to ensure the orderly and efficient conduct of union business. The annual branch audit by branch auditors can help assess and develop internal controls.

**A set of controls**

Operating a set of controls helps to quickly identify weaknesses. The controls are meant to be a working document that should be reviewed for effectiveness and revised accordingly. Branches can readily implement the example of a set of controls presented here.

## BRANCH INTERNAL CONTROL POLICY

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### 1 General

- 1.1 Branch records will be kept so that the branch can:
- (a) meet its legal and other obligations, eg Trade Union and Labour Relations (Consolidation) Act 1992, HM Revenue & Customs law, employment law and UNISON rules
  - (b) enable the branch committee to be in proper financial control of the branch
  - (c) enable the branch to meet the requirements set out by UNISON.
- 1.2 The branch will keep proper books of accounts, which will include:
- (a) a cashbook analysing all the transactions in the branch bank account(s)
  - (b) a petty cash book with receipts (where applicable) if cash payments are being made
  - (c) PAYE records of staff employed by the branch (where applicable).
- 1.3 The financial year will end on the 31 December each year.
- 1.4 The branch will draw up accounts after each financial year by 15 March following the year end and present them to the next annual general meeting.
- 1.5 The AGM will appoint an appropriately qualified auditor or two lay auditors who are members of the branch who are not branch officers to examine the accounts for presentation to the next AGM.
- 1.6 The branch will submit an audited and AGM-approved annual return to head office by 15 March every year. A statement of income and expenditure and a balance sheet will also be submitted with the annual return.
- 1.7 No payments should be made for political purposes or to political parties from branch funds.
- 1.8 All branch expenditure should be in line with UNISON rules, policy, aims and values.

### 2 Banking

- 2.1 The branch should bank with Unity Trust Bank. Accounts will be held in the name of the branch. The following accounts will be maintained:
- a current account
  - a deposit account.
- 2.2 The branch committee will always approve and minute the bank mandate (the list of people who can sign cheques on the branch's behalf). The branch will nominate at least three other signatories in addition to the treasurer and will change these as required. All signatories must be members of the branch committee (rule G4.1.1).
- 2.3 The branch will require the bank to provide statements every month and these will be reconciled with the cash book at least every month. The treasurer will spot check that this reconciliation has been done at least twice a year, signing the cash book accordingly.
- 2.5 A pre-signed cheque will not be allowed. Two signatories, one of whom should be the treasurer, must sign every cheque for payment.
- Surplus funds will be invested in the deposit account.

### 3 Receipts (income)

- 3.1 All monies received will be recorded promptly in the cash analysis book and banked without delay.
- 3.2 Subscriptions collected locally will be paid to head office every month.
- 3.3 The treasurer will maintain files of documentation in support.

### 4 Payments (expenditure)

The aim is to ensure that all expenditure is for union business and is properly authorised and that this can be demonstrated. The approved budget provides the cheque signatories with authority to spend up to the budgeted expenditure, not beyond it.

- 4.1 The treasurer will be responsible for holding the cheque book (unused and partly used cheque books) which should be securely kept.
- 4.2 Blank cheques will never be signed.
- 4.3 The payee's name will always be inserted on the cheque before it is signed and the cheque stub will always be properly completed.
- 4.4 The second signature on a cheque must never be the same as the authorising signature.
- 4.5 A cheque must not be signed by the person to whom it is payable.
- 4.6 The cheque signatories will always check the payment documents (eg invoices, expense claim forms) before signing the cheque. No cheques should be signed without original documentation.

### 5 Payment documentation

- 5.1 Every payment out of the branch's bank accounts will be evidenced by an original invoice (never against a supplier's statement or final demand). That original invoice will be retained and filed. The cheque signatory will ensure that the payment document is referenced with:
  - the cheque number
  - the date the cheque was drawn
  - the amount of the cheque
  - who signed the cheque.
- 5.2 The only exceptions to cheques not being supported by an original invoice would be for such items as advanced booking fees for a course, deposit for a venue, or deposit for hotel accommodation. In the case of honoraria payments, affiliations and donations, a copy of the relevant branch and AGM minutes should be filed to support the payment. In these cases a photocopy of the cheque will be kept.
- 5.3 **Wages and salaries:** there will be a clear trail to show the authority and reason for every payment. All employees will be paid within the PAYE regulations. A file for wages and salaries will be kept.
- 5.4 Payment for casual wages will also be subject to PAYE regulations. Cash in hand will not be paid for casual work.
- 5.5 The branch committee will authorise all employee appointments and departures, minuting the dates and salary level. The branch committee will also authorise all changes in hours and variable payments such as overtime.
- 5.6 **Petty cash:** where this becomes a necessity it will always be maintained on the imprest system, whereby the treasurer is entrusted with a float as agreed by the branch committee. When that is more or less expended, a cheque will be drawn for sufficient funds to bring up the float to the

agreed sum. The cheque will be supported by a complete set of expenditure vouchers, totalling the required amount, analysed as required.

5.7 **Expenses and allowances:** the branch will, if asked, reimburse expenditure paid for personally by officers, providing that:

- fares are evidenced by tickets
- other expenditure is evidenced by original receipts
- car mileage is based on HMRC and UNISON scales
- the officer was authorised to make that expenditure.

5.8 No cheque signatory will sign for the payment of expenses to themselves.

5.9 All branch records will be kept for six years.

## 6 Branch prepaid card (ALTO)/credit card/e-payments

6.1 **Branch card prepaid card (ALTO)/credit card:** payment cards can provide convenience but it is important that proper controls are in place to ensure their correct use and to protect the security of the branch funds.

- The card must always be kept in a physically secure location.
- The branch committee must approve in advance any amount to be spent by use of a credit or prepaid card.
- Only necessary and authorised purchases must be made and should only be used for purchases for which cheques are impractical, eg online hotel bookings, rail ticket purchases, etc.
- Authority levels for placing orders and approving payments must be established which are clear and preferably documented in the branch rules.
- There should be procedures to ensure invoices received are checked against orders and confirm the receipt of the goods or services ordered.
- The branch must set a clear policy for the use of cards.
- The branch needs to communicate the policy for the use of cards clearly, in writing, to officers using them.
- The branch must ensure that the cards are cancelled and destroyed if the individual ceases to be a branch officer or if the authorisation of the card's use is withdrawn.
- The branch must ensure that card expenditure is supported by a voucher and/or invoice and recorded and analysed in accounting records. A receipt must be kept for absolutely everything. Where purchases are made online, the booking confirmation must be printed out and retained.
- The monthly credit card and prepaid card statements must be reviewed by at least two branch committee members (including the treasurer) and initialled as evidence of that review. The statement must be collated with supporting vouchers and invoices provided to the users of the card.
- There must be periodic reviews of card use to ensure consistency of use with set policies.
- The credit card must not be used to withdraw cash.

6.2 **Electronic/online payments:** The branch must ensure that direct debit, standing orders and BACS direct credit are only used for expenditure properly authorised and incurred. The branch must establish a comprehensive online banking policy that clearly describes what online banking activities the branch will engage in, and which branch officer will have the authority to process online banking transactions.

- All electronic payments must be authorised by the branch committee before they

are processed.

- The branch must ensure that only specifically authorised branch officers are able to set up arrangements to make payments by direct debit, standing order and BACS.
- A detailed approval process that must be completed in order for the authorised branch officer to process an online banking transaction.
- The branch must adopt the dual or triple authorisation system to complete any electronic transactions. With this system one user submits a transaction and one or two additional users will then authorise it from a 'pending transaction screen'.
- After each electronic/online transaction a print out must be taken showing details of the transactions and filed as part of the accounting records. All print outs of statements must be retained as part of the accounting records.
- The statement together with the individual transaction print out must be reconciled with the monthly bank statement by someone independent of the process to verify that all transactions were properly approved and appropriate.
- The electronic payments must be monitored so that the branch can ensure that the arrangement is cancelled when the branch stops using the goods and services being supplied.

## **7 Budgeting and financial planning**

7.1 The branch committee will ensure that the branch meets all its financial obligations.

7.2 Prior to the start of each financial year, the branch will produce a budget which takes into account all likely expenditure and income for the following year. In this way the branch committee can ensure that all relevant areas of activity are provided for in line with UNISON rules, policy, aims and objectives.

7.3 The procedures will be as follows:

- the treasurer will prepare a budget after consulting other branch officers where necessary;
- the treasurer will submit the budget to the branch committee for approval. All normal expenditure within this budget is therefore automatically approved
- the budget will be submitted as part of the branch's development and organisation plan and will be sufficient to fund:
  - recruitment
  - development and training of stewards, workplace representatives and branch officers
  - negotiation and representation
  - ensuring that all members know about issues that affect them and are able to participate in UNISON's democratic processes
  - ensuring that members have access to UNISON's services
  - campaigning on UNISON objectives and priorities.

7.4 Once agreed, a budget can be amended by the branch committee, after the full reasons for amendment have been submitted. The branch committee will debate items in excess of the budget and if it approves them will have amended the budget.

7.5 The treasurer will compare actual expenditure throughout the year (every month) with the budget and report overspending to the branch committee so that appropriate action can be taken.

## **8 Other undertakings**

8.1 The branch will not accept liability for any financial commitment unless properly authorised. The branch committee must authorise and minute any orders or undertakings which are,

prima facie, likely to exceed £500. In exceptional circumstances the chair can approve such undertakings and provide full details to the next meeting of the branch committee.

- 8.2 The branch committee will ensure that the branch has adequate insurance cover.
- 8.3 The branch will not make loans to members.
- 8.4 Substantive amounts will not be paid for local welfare without sufficient grounds. All requests for local welfare will be referred to UNISON Welfare.
- 8.5 The branch will comply with UNISON's honoraria policy and submit honoraria payments details following approval by the annual general meeting.
- 8.6 The branch will adhere to good financial practice at all times, eg: when relevant it will set up and maintain a fixed asset register stating the date of purchase, cost, serial numbers and normal location. Additionally, the branch will maintain a property record of items of significant value, with an appropriate record of their use.

