

Branch Financial Standing Orders

As approved by the Board of Trustees [May 2024]

Next review due: [June 2025]

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1. Introduction

These Branch Financial Standing Orders (B-FSOs) are issued by the charity, with the approval of the Board of Trustees.

The Board of Trustees delegates authority to the Chief Executive (CEO) who in turn delegates authority to the Director of Finance and Resources to implement these B-FSOs under the supervision of the Chief Executive.

They are addressed to all MA branch executive members who deal with matters affecting the finances of the branch. Branches are a central part of the MA's member offer - connecting members, and providing local learning and development, social and local community events, outreach to the local community and local advocacy. They are an integral part of the Magistrates' Association and are bound by the bye-laws of the MA. As such, the branches must act in accordance with the rules and their constitutions as required by the MA. Branches act on behalf of the MA and therefore they can legally bind the MA by their actions. The MA's insurance, including directors and officers insurance, extends to cover the branches and the executive of each branch and the MA's charitable status extends to the work carried out by the branches.

They detail the financial policies and procedures to be adopted by the branches and are designed to ensure that their financial transactions are carried out with probity, accuracy, and economy and in accordance with existing legislation and regulations in the areas of operations of the charity. They should be read in conjunction with the Commitments and Branch Expectations (CBE) document, setting out the expectations that branches can have of the MA as a whole, and the expectations that the MA can have of branches, which were approved by the board of trustees. They should also be read in the context of the MA's overarching Financial Standing Orders. Terminology, and financial governance and administration, explained in sections [2 and 3] of that document also applies to this document.

Should any difficulties arise regarding the interpretation or application of any of these FSOs then the advice of the Director of Finance and Resources or Chief Executive should be sought before any action is taken.

2. Terminology

The charity is governed by UK Law, its Royal Charter and its byelaws and by the Charities Act and in line with these documents the following terminology is identified:

- a. The 'charity' refers to The Magistrates' Association and any subsidiaries or related projects.

- b. The 'Trustee(s)' means the Board of Trustees which is responsible for all functions, strategies and direction of the charity and its subsidiaries.
- c. The 'National Chair' means an individual member of the Board of Trustees elected by the membership in accordance with the byelaws as national chair of the Board of Trustees and responsible for the financial and operational well-being of the charity.
- d. The 'Treasurer' means an individual member of the Board of Trustees selected by the Board of Trustees to have oversight on their behalf of the financial administration and financial well-being of the charity. This oversight includes chairing the Finance and Audit Committee under its terms of reference.
- e. The 'Chief Executive' means the chief officer of the charity.
- f. The 'Director of Finance and Resources' means the Chief Financial Officer of the charity.
- g. A 'Branch' is a group of ordinary members of the Magistrates' Association belonging to a specific geographical area recognised by the Board of Trustees who have agreed to be governed by the branch minimum standards of the Magistrates' Association.

3. Financial governance and administration

The Board of Trustees is responsible for regulation and control of finances in the first instance. The final responsibility for the appropriate financial governance of the charity remains with the Board of Trustees.

The Board of Trustees delegates financial oversight to a Finance and Audit committee, which shall operate in accordance with its terms of reference and in line with the Board's scheme of delegation as agreed by the Board and shall make recommendations to the Board as appropriate.

The Board of Trustees delegates management of the day to day financial performance of the charity to the Chief Executive and Director of Finance and Resources who shall together act under the supervision of the Board of Trustees.

The Chief Executive and Director of Finance and Resources delegate the day-to day running of branch finances to the branch executive.

4. Responsible Branch Officers

The responsible officers of a branch shall comprise the roles of branch chair, branch secretary and branch treasurer. Where unavoidable but necessary, an individual may play multiple roles. It will be necessary to notify the head office where such a situation arises.

These roles will ensure the branch complies with all relevant laws and regulatory requirements. The head office should be contacted where guidance or support is required in the discharge of any of the duties assigned to these roles.

5. Budgetary control

5.1 The budget holder

Authority to incur expenditure shall rest with the branch executive. Branch funds must be spent in accordance with the objectives of the Magistrates' Association. If a branch is dissolved then the funds must be returned to the Magistrates' Association's central accounts.

5.2 Procedures and records

All accounting procedures and records of the branch shall be determined by the branch treasurer in liaison with the branch executives. They should be kept in accordance with statutory auditing and accounting regulations.

The branch treasurer will prepare financial returns in accordance with generally accepted accounting principles. The branch annual accounts must be prepared in a manner to be reported to a branch Annual General Meeting.

5.3 Banking and cash handling

Only members of the branch executive shall open any bank account in the name of the branch.

The branch treasurer is responsible for managing the banking arrangements of the branch and for advising the Director of Finance and Resources on the provision of banking services and operation of accounts.

The mandates of any banking facilities of the branch shall be the branch executives. In the case where there are insufficient signatories available at branch level, the Director of Finance and Resources shall be added as a signatory. The administration of any online banking facilities must always be in line with the primary banking mandates of the charity.

The branch treasurer is responsible for examining, verifying and certifying any expenses under their budget authority prior to payment.

5.4 Income processing

All income shall be recognised and recorded according firstly to relevant existing legislation, for example SORP, and secondly according to the contractual terms relative to the particular source. The branch treasurer is responsible for designing, maintaining, and ensuring compliance with systems for the proper recording, invoicing, collection and classification of all monies collected.

In the event of funds being received from external organisations or individuals that may have legal and/or regulatory implications, clarity should be sought from the Director of Finance and Resources.

5.6 Sundry income

All funding agreements must be signed by at least one member of the branch executive. The Director of Finance and Resources must be informed about any contractual agreements entered into by the branch and secure records held at branch level.

All money received on behalf of the branch shall without delay be relayed to the branch treasurer or member of the branch executive and paid into the relevant bank account as soon as possible.

5.7 Cheque handling

Custody of the cheque book is the responsibility of the branch treasurer and only they are allowed to raise any cheques.

Any invoices or transactions paid by cheque must be authorised through the existing procedures and copies of these must be stored.

A cheque made out to any person who is a cheque signatory must be signed by signatories other than the recipient of the cheque.

5.8 Control of cash

The following principles shall be observed, where practical, in the allocation of accounting duties in relation to cash handling:

- a. A petty cash float is kept for branch use. All petty cash should be kept in a safe or similar secure location.
- b. The amounts of such floats shall be decided by the branch executive and must be within the limits set by the charity's insurance cover.
- c. Expenditure from petty cash is only allowed in accordance with these financial procedures and must be authorised by the branch treasurer or chair.
- d. Cash loans to members are strictly prohibited.

6. Reporting

The branch treasurer (or designated person by the branch executive) shall be responsible for the production of annual financial accounts. These accounts shall be made up to a coterminous date with the MA Head Office and shall be consolidated within their (Head Office's) year-end accounts for submission to the Charity Commission and other relevant governing and regulatory bodies. This date is currently the 30th of June.

The accounts will be subject to annual examination, verification and approval by a competent person who will be appointed on an annual basis by the branch executive. A competent person in this context shall be a person who meets the requirements laid out by the Charity Commission. This guidance is available on the Charity Commission website or through MA Head office. In essence, they shall be independent of the branch executive and governance, with no vested interest in the financial matters of the branch and possesses adequate knowledge of financial matters and charity accounting. They do not need to be a magistrate, a member of the MA or a financially qualified person. They may be a suitable person either from within the branch concerned or another MA branch. The appointment of any such competent person shall be approved by the Director of Finance and Operations.

These examined financial accounts will then be submitted to the MA Head Office together with a coterminous copy of the bank balance and/or level of reserves by the Treasurer within six weeks of the year end (currently 30th of June). They shall also be presented to and approved by members at the branch AGM as part of the governance reporting of the branch.

The examined annual accounts shall also form the basis of any application for capitation grants from the MA. The directives relative to branch capitation are set by the Trustees and shall be communicated to branches at the start of each financial year.

7. Insurances

The Director of Finance and Resources arranges annual insurance cover that covers all the branches of the charity.

Branch executives are to ensure that any events or activities carried out by branches have adequate insurance cover, either by confirming with the Director of Finance and Resources or following the directions within the event checklist.

All branches have an obligation to give prompt notification to the Director of Finance and Resources of any new risks they are aware of, including property, vehicles or other equipment, which are required to be insured or may cause alteration to existing policies.

8. Fundraising

Branches are permitted to undertake their own fundraising activities under the supervision of the branch executives to raise funds to support branch activity within their coverage areas.

The branch executive shall always act in the best interests of the charity in accepting any donations.

Any such activity and collaboration with external individuals and organisations to achieve shared objectives must not compromise the independence, reputation or values of the charity. Branches should follow the guidance provided by the MA in its fundraising guidance.

They shall ensure that the charitable status of The Magistrates' Association is not in any way compromised by the fundraising activity. They shall also ensure that their actions comply with all relevant legislation including the Bribery Act (2010), Charity Commission guidance and money laundering rules.

Where it is unclear if a donation contravenes any of the above conditions, the express permission of the Director of Finance and Resources must be sought.

9. General Guidance

In the event of a branch encountering any situation not directly addressed by these standing orders, the Director of Finance and Resources must be contacted. The Director of Finance and Resources shall consult with the relevant governance teams and advise the branch accordingly.