

# Broughton Playing Fields and Village Hall Association

## Budgeting and Procurement Policy

Issued: October 2022

### *Introduction*

This document sets out the procedures to be followed by the Association with regard to budgeting and procurement. Where a Trustee considers that due to exceptional circumstances a departure from these procedures is warranted, such action must be pre-authorized by the Chair and Treasurer. It is expected that this situation will only arise in extreme and unexpected circumstances.

## **1. Budgeting Policy**

### *1.1. Annual Budget*

A budget for each financial year shall be prepared by the Treasurer, with the assistance of the Chair and other Trustees. The budget for each financial year shall be approved by the Management Committee no later than at the Committee meeting held in March.

### *1.2. Budget Holders*

The following officers are responsible for setting and monitoring the individual lines in the budget

Line	Officer
<i>Income</i>	
Regular Bookings	Regular Bookings Secretary
Storage Income	Regular Bookings Secretary
Occasional Bookings	Occasional Bookings Secretary
All other income	Treasurer
<i>Expenditure</i>	
Building Enhancement	Chair
Building Maintenance	Estate Manager
Cleaning	Chair
All other expenditure	Treasurer

No person, other than a Trustee of the Association, is authorised to enter into purchase commitments for the Association without minuted prior approval from the Management Committee.

It is the responsibility of the person making the purchase commitment to check with the Treasurer whether there is adequate budget available.

### *1.3. Budget Monitoring*

The Treasurer shall prepare monthly management accounts showing financial performance for the month and year to date, compared with the budget for the year. These management accounts shall be presented at each monthly committee meeting.

### *1.4. Financial Stability and Sustainability*

Save in exceptional and rare circumstances, the Association will not set a budget that does not show a surplus on normal operating activity.

In the event that actual financial performance is impaired to the extent that there is a significant risk of incurring a loss on normal operating activity, the Treasurer shall ask the Committee to suspend the normal procurement policy set out in section 2. While a suspension is in force, all

## **Broughton Playing Fields and Village Hall Association Budgeting and Procurement Policy**

**Issued: October 2022**

discretionary expenditure of any amount shall be pre-authorised by both the Chair and the Treasurer

### **2. Procurement Policy**

#### *2.1. General Principles*

The Association will not pay for goods and services unless an appropriate invoice or receipt (as determined by Treasurer) is produced supporting the payment.

The Association will not, as a general rule, pay for goods and services in cash. Payments will generally be made by BACS however payments may also be made by cheque. All cheques of any amount require two signatories. BACS payments may only be initiated by the Treasurer, having obtained prior approval from the Chair, or another Trustee where the Chair is unavailable or where the payment is reimbursement of the Chair's expenses.

#### *2.2. Conflict of Interest*

Any member who has an interest, as defined in the Conflict of Interest Policy, in the supply of goods and/or services to the Association, will declare that interest and will not participate in the decision making process.

#### *2.3. Requirement for competitive tender process*

For single purchases with a value in excess of £1,000, a competitive tender process is required. This process is to be managed by a Trustee, with support from other members of the Management Committee or volunteers as appropriate.

This process shall be applied to all budget expenditure lines, with the exception of electricity and insurance. The steps to be followed are:

- Prepare a specification of the goods or services to be procured
- Prepare a list of evaluation criteria
- Draw up a list of suitable contractors. There should be at least two supplier candidates
- Request each candidate to prepare a written response to the specification to a common deadline. For simple procurement decisions, it may be appropriate to rely on information obtained online
- Evaluate responses received and obtain clarifications where needed
- Advise the Management Committee of the results of the evaluation and the proposed preferred supplier
- After obtaining Management Committee approval, place the order with the supplier
- Manage the process of supply and, where appropriate, installation ensuring that the specification is followed
- Arrange for payment of contractual sums at the agreed time, provided that the supplier has performed its obligations under the contract satisfactorily.

For single purchases in excess of £5,000, the above process shall also be followed, save that a minimum of three supplier candidates is required.

**Broughton Playing Fields and Village Hall Association  
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**Issued: October 2022**

*Preferred suppliers*

For single purchases with a value under £1,000, the Association has drawn up a list of preferred suppliers

While there is no requirement to use a preferred supplier, use of an alternative supplier shall be justified to and minuted as approved by the Management Committee.

Where there is no preferred supplier, the budget holder shall use their discretion to select an appropriate supplier.

At the end of each financial year, the Treasurer shall prepare a summary showing all suppliers with an annual expenditure in excess of £1,000. The Management Committee shall then determine whether any of the preferred supplier relationships should be retendered, following the process set out in section 2.3. The conclusions of this review shall be minuted.

*2.4. Electricity and insurance*

Electricity and insurance are procured under multi-year deals. The retender dates for the current arrangements are:

Electricity            April 2025

Insurance            November 2023

While there is no absolute requirement to enter into a multi-year deal, doing so gives a degree of medium-term cost visibility, and is therefore the Association's preferred approach.

The Treasurer is responsible for managing the retender process when due and shall consult with the Management Committee as appropriate. The final choice of supplier shall be reviewed and minuted as approved by the Management Committee before any contractual commitments are given.

**END**