

ENGLISH CHESS FEDERATION

BYE LAW NO. 4. THE FINANCIAL BYE LAWS

Made by Council of English Chess Federation (ECF) on 16th July 2005 pursuant to Article 82 of the Articles of Association of English Chess Federation.

WHEREAS Article 82 gives power to the Council to make Bye Laws including in respect of The Financial Bye Laws

1. Definitions

In these Bye Laws the expressions defined in the Articles shall have the meanings therein ascribed to them and officers shall mean officers appointed by Directors

2. Unbudgeted expenditure

Unbudgeted expenditure, whether in respect of additional activities or an increase in the outlay on planned activities, shall only be incurred in exceptional circumstances and, where the expenditure exceeds in total £500 in any one Directorate, after obtaining authorisation. Unbudgeted expenditure of up to £500 in total in any one Directorate does not require authorisation but must be reported by the Director concerned in writing to the Director of Finance immediately. Any unbudgeted expenditure shall be reported to the Finance Committee as soon as possible and to the next meeting of the Board.

In any financial year, authorisations for unbudgeted expenditure, including capital expenditure, exceeding £500 in any one Directorate, shall require the following degrees of approval:

- (a) Not exceeding £2,000 in total in aggregate across all Directorates requires the approval of any two of the Chief Executive, the Director of Finance and the Chairman of the Finance Committee.
- (b) Exceeding £2,000 but not exceeding £4,000 in aggregate across all Directorates requires the approval of all of the Chief Executive, the Director of Finance and the Board.
- (c) Exceeding £4,000 in aggregate across all Directorates, but not exceeding £10,000 or 20% of the reserves (excluding the Permanent Invested Fund) stated in the last adopted accounts, whichever is the lesser, requires the approval of all of the Chief Executive, the Director of Finance, the Board and the Finance Committee.
- (d) Exceeding £10,000 in aggregate across all Directorates or 20% of the reserves (excluding the Permanent Invested Fund) stated in the last adopted accounts, whichever is the lesser, requires the approval of Council in General Meeting.

Any adverse variance in budgeted income exceeding in total £500 or 10% of the Director's total budget, whichever is the lesser, shall be advised to the Director of Finance in writing by the Director responsible as soon as this is foreseen:

- (a) with an explanation of the reasons for the occurrence, and

- (b) stating any corrective action being taken, including actions to recover income and/or reduce expenditure for the approval of the Chief Executive and the Director of Finance, to either recover income, or reduce expenditure.

Such adverse variances shall be reported to the Finance Committee as soon as possible and to the next meeting of the Board.

Budgeted expenditure may be transferred from one Directorship to another, with the agreement of both Directors concerned, provided that such transfer is agreed by any two of the Chief Executive, the Director of Finance and the Chairman of the Finance Committee. The Finance Committee shall be advised of such transfers. The Director of Finance will report such transfers to the next meeting of each of the Board and Council.

Unbudgeted transfers from the Legacy Funds of up to £3,000 or 20% of such Funds, whichever is the lesser, may be made only with the prior approval of all of the Chief Executive, Director of Finance, the Board and the Chairman of the Finance Committee. The Director of Finance will report such transfers to the next meeting of Council. Unbudgeted transfers of a greater amount require the approval of Council in General Meeting.

3. Reallocation of budgets

Normally, actual income and expenditure will relate to the items specifically identified in the budget. However, Directors need to be able to exercise some flexibility without seeking prior approval such as where an international event might be cancelled and another one substituted. The Director of Finance must be notified in advance should any Director wish to make a different allocation between account codes where the items involved exceed £1,000 or 20% of the Director's budget, whichever is the lesser.

4. Sponsored events

Directors or officers seeking to organise, or support, a third party sponsored event, **MUST** carry out the following **BEFORE** any contract is signed:

- (a) obtain written confirmation from the sponsor of the terms of the sponsorship, the sum to be made available and the timing and conditions of the payments;
- (b) ensure that all contracts are reviewed and approved by the Federation's Legal Adviser;
- (c) provide contractual and other relevant details to the Director of Finance, the Chairman of the Finance Committee and the ECF Office Accountant for permanent retention;
- (d) obtain approval to proceed from any two of the Chief Executive, the Director of Finance and the Chairman of the Finance Committee.

Funding by a sponsor must only be spent for the purposes agreed with the sponsor and an analysis of how the sponsorship money has been spent must be provided to the sponsor, the Director of Finance and the Chairman of the Finance Committee.

5. ECF chess events

The Director under whose budget an event falls shall be responsible for maintaining adequate accounts in respect of the event and reporting the financial results to the ECF Office Accountant within 2 months of the end of the event. The analysis provided must be in at least as much detail as that in the Director's budget. Furthermore, there must be a comparison of actual against budget and explanations given for any variances greater than 10%.

6. Expenses

All expenses to be reimbursed to Directors, officers, and members of Standing and Board Committees must be claimed within two months of the date on which the expense was incurred.

7. Financial transactions

All financial transactions must be dealt with through an approved ECF bank account and must be effected on a gross (not net) basis.

8. Bids Regulations

All work put out to tender shall be transacted in accordance with the Bids Regulations made by the Board.