

Ri Masterclass Organiser Handbook 4

Financial Reporting Requirements and Guidelines

Many local Masterclass groups raise funds to cover the costs of running Masterclass series.

We expect that the finances of a Masterclass group will fit into one of the three categories listed below.

The Ri will require financial reporting only if your finances fall into categories 1 or 2 below. No financial reporting is required for Masterclass groups with financial arrangements in category 3. If the funds of a Masterclass group are not managed in one of the ways outlined below the organisers must contact the Ri Masterclass team to discuss an appropriate reporting approach.

Masterclass Financial Categories

1. Masterclass group has its own dedicated bank account

The Masterclass group has its own bank account dedicated solely for finances of that local Ri Masterclass series.

2. Masterclass funds are processed through another organisation

External funds (defined below) are raised and held, for the express purpose of funding the series, in an existing bank account that is NOT dedicated solely to Masterclass funds. Here, the finances for the Masterclass group are processed through an existing bank account of one of the organisations involved with the Masterclass series.

3. Other

The Masterclass group either has no funding/overheads/bank account or the hosting organisation funds the Masterclasses as part of their normal portfolio of activities.

Additional Definitions:

'External funds'

- are those which do not come from one of the organisations that is responsible for administering the Masterclasses;
- are often generated through active fundraising by the Masterclass group for the specific purpose of running the Masterclass series and could include grants, sponsorship or donations from external benefactor/donors (an organisation or individual who contributes in a charitable way) or from external organisations (such as schools) whose students benefit from the Masterclass activity.

‘Masterclass-specific funding’

- When a Masterclass group receives funding solely for the purpose of running Masterclass activities (i.e. the Masterclass series, and perhaps a contribution towards attendance at or organisation of a Masterclass celebration event), this will be referred to as Masterclass- specific funding.
- Where a Masterclass group receives funding for a wider range of activities, but which specifies that a certain amount is to be used solely for Masterclass activities, that amount of funding is classed as Masterclass- specific funding.

1. Financial Requirements:

Any financial practices or mismanagement which is deemed by the Ri to bring or have the potential to bring the Ri into disrepute will result in the immediate termination of the Ri’s association with the Masterclass group and all Masterclass activities carried out by that group must immediately cease.

Please ensure you conform to the following requirements, which relate to categories (1) and (2) above. These are to mitigate the risk of mismanagement of funds within any Masterclass group, and protect the name and reputation of the Royal Institution.

a. General Financial Compliance Requirements

- Any funds raised as Masterclass-specific funding may only be used to cover the costs of running Ri Masterclass activities
- Masterclass organisers must behave responsibly and honestly in all financial management. They must avoid any mismanagement of Masterclass funds or accounts, including practices which may later lead to financial mismanagement e.g. only one signatory for accounts.

b. Group Closure Compliance Requirements

- If a Masterclass group has to close for any reason and is still in possession of Masterclass-specific funds, then they must either return the funds to the donor(s) or obtain written consent from the donor to use the funds for an alternative outreach/educational activity run at their organisation
 - **If neither of these options are possible**, an arrangement must be reached with the Ri regarding the funds. Such an arrangement might be to pass the funds to a nearby local Masterclass group or to pass to the Ri with the agreement that it will be held in reserve by the Ri to be passed to a new future Masterclass group in the same area. Wherever possible, this should be agreed with the original donor(s)
- Where an organisation receives funding for activities which includes, but not limited to, running Masterclasses and where the amount to be spent on Masterclasses is not

specified, the Ri does not class this as Masterclass-specific funding. For this situation, it is down to the organisation/funder to determine how unspent funds should be used

c. Accounts and Financial Reporting Requirements

For any group raising external funds to be kept either in a Masterclass account or an existing organisation account, the Ri requires best practise for financial accountability and book-keeping, as detailed below.

- **Category 1: Masterclass group has its own dedicated bank account:**
 - The account must be set up so that any transfers out of the account should be agreed by two unrelated signatories
 - The Masterclass group must inform the Ri Masterclass team of who the signatories to the account are
 - The organisers must complete an annual financial report form for the relevant transactions and send it to the Masterclass team by the end of the academic year during which the Masterclasses are held. See financial report form template 1 in Appendix I (available in electronic format in 'Ri Finance Report Forms' Excel spreadsheet from the Ri organiser's webpage). A copy of the annual bank statement for the account must be supplied with this report
 - Records should be kept for a fixed term (seven years is standard practice). This ensures transparency of all financial transactions in the event of an external audit by an official body. This includes the Ri financial reports, any relevant funding agreements/funder reports, bank statements and copies of invoices/expense receipts
- **Category 2 – Masterclass-specific funds processed through another organisation:**
 - The organisers must complete an annual financial report form for the relevant transactions ONLY and send it to the Masterclass team by the end of the academic year during which the Masterclasses are held. See financial report form template 2 in Appendix II (available in electronic format in 'Ri Finance Report Forms' Excel spreadsheet from the Ri organiser's webpage)
 - A copy of the bank statement is NOT required by the Ri
 - Records should be kept for a fixed term (7 years is standard practice). This ensures transparency of all financial transactions in the event of an external audit by an official body. This includes the Ri financial reports, any relevant funding agreements/funder reports, and copies of invoices/expense receipts

d. Fundraising Requirements

- As specified in the Ri Marketing Guidelines, fundraising letters and/or emails and materials acknowledging local supporters do not need to be shown to the Ri prior to use

- For fundraising, local Masterclass groups are classed as 'community groups', they are NOT part of the Royal Institution organisation, and are not a charity. All communications MUST EXPLICITLY make it clear that Local Masterclass groups are not part of the Ri and that funds raised for Masterclass groups will be collected and used by the community group only for local Ri Masterclass activities. Any funds raised by Local Masterclass groups are NOT considered as contributions to the Ri charity and therefore are not eligible for GiftAid..
- The Ri expects all Masterclass groups to behave responsibly and fairly towards all potential, existing or former funders and their conduct must be open, honest and respectful during all fundraising activities. The Ri bares no responsibility about any misrepresentation or misconduct by Local Masterclass groups. Further guidelines that outline good fundraising practises can be found in the Code of Fundraising Practise (Fundraising Regulator):
<https://www.fundraisingregulator.org.uk/code-of-fundraising-practice/code-of-fundraising-practice/>
- The Ri can provide some support for groups undertaking fundraising activities. This includes
 - a standard funding request letter available to download from our organiser webpage (Ri Masterclass sponsorship letter). Consider adding copy from the marketing boiler plate (via webpage) to the letter if more details are warranted
 - We can on occasion attend meetings with prospective funders to support groups in need
- Please contact us if you have further questions regarding local fundraising.

Appendix I. Financial report form for Masterclass groups with category 1 finances

This template is available in Excel format from the Ri Organiser Webpage.

ROYAL INSTITUTION MASTERCLASSES

FINANCIAL STATEMENT - DEDICATED BANK ACCOUNT

This financial statement needs to be completed by all Masterclass groups which hold an independent bank account and submitted to the Ri Masterclass team, at the latest by the end of the current academic year.

Group Information	
Group Name	
Subject	
Level	
Number of series	
Academic year	

Account Information	
Account name	
Bank name	

Responsible people			
	Name	Organisation	Email Address
Person with main responsibility for accounts			
Account signatory 1			
Account signatory 2			
Account signatory 3			
Account signatory 4			
Account signatory 5			

Accounts report

Opening balance at beginning of year

Income		Less Expenditure	
Sponsorship	£	Lecturers' and teachers' fees and expenses	£
Donations	£	Materials (inc. printing etc)	£
Contributions from schools	£	Refreshments	£
Other (please specify)	£	Other (please specify)	£
	£		£
	£		£
	£		£
TOTAL INCOME	£0.00	TOTAL EXPENDITURE	£0.00

Net surplus/deficit for year

£0.00

Closing balance at end of year

£0.00

Additional funds held as cash

Value of additional funds or assets held elsewhere

Please give details

I certify that all of the above details are correct and that I have included all incoming or outgoing funds relating to the Masterclass activities undertaken by the Masterclass group named above in the academic year detailed above.
I certify that I have included all information on funds held by the Masterclass group both within this bank account and external to this bank account.

Signed

Name

Date

Appendix II. Financial report form for Masterclass groups with category 2 finances

This template is available in Excel format from the Ri Organiser Webpage.

ROYAL INSTITUTION MASTERCLASSES

FINANCIAL STATEMENT - EXISTING ORGANISATION BANK ACCOUNT

This financial statement needs to be completed by all Masterclass groups which has external funding where all funds are processed through the bank account of an existing organisation. This should be submitted to the Ri Masterclass team, at the latest by the end of the current academic year.

Group Information	
Group Name	
Subject	
Level	
Number of series	
Academic year	

Account Information	
Please give details of which organisation (and department within that organisation, if applicable) holds the bank account through which the Masterclass funds are administered.	
Organisation name	
Department (if relevant)	

Accounts report

Dedicated Masterclass funds at beginning of year	
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Income		Less Expenditure	
Sponsorship	£	Lecturers' and teachers' fees and expenses	£

Donations	£	Materials (inc. printing etc)	£
Contributions from schools	£	Refreshments	£
Other (please specify)	£	Other (please specify)	£
	£		£
	£		£
	£		£
TOTAL INCOME	£0.00	TOTAL EXPENDITURE	£0.00

Net surplus/deficit for year	£0.00
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Dedicated Masterclass funds at end of year	£0.00
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Additional dedicated Masterclass funds held as cash (if any)	
Value of additional dedicated Masterclass funds or assets held elsewhere (if any)	
Please give details	

I certify that all of the above details are correct and that I have included all incoming or outgoing funds relating to the Masterclass activities undertaken by the Masterclass group named above in the academic year detailed above.

I certify that I have included all information on funds held by the Masterclass group both within this bank account and external to this bank account.

Signed			
Name		Date	