

Managing your Group's Money

Why is it important?

All groups need to manage their money and account for it, whether it's small amounts of cash raised at a fundraising event or a grant of £5,000 from a charitable trust.

Community groups need to set up financial systems and records and these should be appropriate to the size, nature and complexity of your group. Usually this will mean setting up hand-written cashbooks (one for receipts and one for payments) with itemised headings for different types of money received and money paid out. Some groups may, however, feel more comfortable using a computerised system that uses a series of spreadsheets. Whichever method you opt for, it's essential that:

- there are clear procedures and safeguards in place
- financial information is updated regularly
- supporting paperwork (invoices, receipts, bank statements) is kept
- all committee members understand these processes.

Responsibility for managing a group's money most often falls on the shoulders of the person appointed as Treasurer. It's important to remember however that **all** members of the management committee are ultimately responsible for the finances of the community group, not just the Treasurer.

Community groups are increasingly experiencing difficulties in finding individuals willing to act as Treasurer - those people who are known to have the skills and to be good at the role are often in great demand! Many treasurers-in-the-making are put off the role because of the weight of the responsibility, they feel they haven't got the skills, and it can be a time-consuming role. Treasurers often have to let group members know that they can't afford something – and not many people willingly go out of their way to be unpopular!

One practical solution favoured by some committees is to form a "Finance Group", made up of all the committee members who are authorised to sign cheques. Without a doubt, handling money can be a daunting responsibility and it is often easier to share the workload.

If however you are in the enviable position that someone is begging to be your Treasurer, what next?

What does a Treasurer do?

The Treasurer's job is to look after the group's finances on behalf of the management committee. Practical tasks performed by the Treasurer may include:

- overseeing the group's financial transactions, including paying bills and banking money
- drawing up budgets to be approved by the group
- recording all transactions

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- reporting to the group at each meeting on its current financial position
- preparing the cash books and other financial information for independent examination (or annual audit where applicable)
- formal presentation of the accounts at the Annual General Meeting

Many people feel that they need to have some kind of formal qualification or a background/work experience in a financial role to be a treasurer for a group. This is not necessarily the case – it is much more important that you find someone who can set up and follow systems, is honest, organised and methodical and can develop their skills over time as their confidence and competence increases. There are many training courses and sources of advice available for those people willing to give it a try and who want to extend their knowledge and skills base.

Managing your day-to-day finances

Handling money:

- always issue a receipt when money is received
- always obtain a receipt for any money paid out and get people to sign for any money they have received
- always ensure that receipts are written in ink
- keep as little cash in your cash box as possible – it is best to try and make as many transactions as possible through your bank account
- ensure that you write details of transactions on the cheque book and paying-in book counterfoils
- keep receipts for what has been spent
- cash donations received from street collections or other fundraising activities should always be counted and recorded by two people
- be sure to keep your cheque book, paying-in book, bank statements etc. in a safe and secure place
- don't use incoming cash to pay for bills. Always make sure that cash is banked first so that you have a record that the money was definitely received by your group
- set up a petty cash system and agree some rules for claiming back petty cash (e.g. who has access to the tin, what sort of amounts can be reimbursed in this way)
- review over time the float that is kept in the petty cash tin – is it too much or too little?

Bank issues:

- ensure that any cheques drawn on the group's account have at least two signatures from among three or four management committee members
- never sign blank cheques
- do monthly bank reconciliations - sometimes there is cash received/payments made that have been included in your cash book but which haven't yet appeared on your

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bank statement due to timing differences. Monthly bank reconciliations help you to arrive at an accurate figure at the end of each month

- always pay incoming cash and cheques into your bank as soon as possible
- look at opening a deposit account to earn interest if your group is in the enviable position of having more money than is immediately required in its current account
- make sure that your bank sends you regular bank statements – monthly statements are standard practice.

Committee issues:

- keep the accounts up-to-date, so that management committee members know exactly what the state of the finances is and report to the group's members at each meeting on what is happening to the group's money
- try to avoid members from the same family being cheque signatories
- when cheque signatories resign from the management committee don't forget to notify your bank and update the bank mandate
- encourage group decision-making and understanding of finance – don't just leave it to the Treasurer
- review financial information to help you plan and budget for the future.

Voluntary Action can help community groups and small/medium organisations set up financial systems and procedures. Don't be afraid to ask us for help.

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