

TREASURERS ROLE

Who's responsible? | All the committee members share responsibility for the money. The treasurer can be seen as a focus for that responsibility, but the rest of the committee should not ignore the finances. Regular financial reports should be prepared for presentation to the committee and understood by all of the committee. The term 'trustee' means someone who is being trusted with charitable money. To fulfil that responsibility you must be able to understand the budget and reports which compare expenditure with the budget and forecast future financial position. It is a collective responsibility.

The treasurer | The treasurer has to make sure that things are done and done on time – which may be different from actually doing them. Book-keeping and many other tasks can be undertaken by paid staff and freelance workers. Many small organisations will not be able to pay for the work to be done, so the treasurer may have to undertake a variety of the tasks on a voluntary basis.

The budget | All voluntary organisations should have a budget. It is often drawn up by members of staff in consultation with the treasurer. In organisations with no staff the treasurer will normally draw up a draft budget in consultation with key committee members. The process can involve many policy issues. Allocating funds to one activity may mean there are less resources for another activity. An annual budget should be approved by the committee (and minuted) before the start of each year. Its main purpose is to show whether the organisation can afford things, taking reserves into account.

Bills & banking | A treasurer would normally be a cheque signatory along with several committee members. Two people sign each cheque. The treasurer would not necessarily sign all cheques or be involved in posting the cheques to suppliers or banking cheques received. The organisation should have a file for unpaid bills, a file of paid bills with a cheque requisition slip attached to each bill, and a file containing letters from funders and details of payments received.

Book-keeping | Whilst the budget has major policy implications, book-keeping is a routine but vital task which is frequently undertaken by an employee or freelance worker. The treasurer's job is to ensure that the book-keeper is up to the job both in quality and speed. Someone such as the treasurer should check every quarter that an accurate bank reconciliation has been done.

Management accounts | Management committees need to know if they are:

- Over spending and running out of money.
- If income and expenditure are roughly as planned.
- Whether large surpluses are building up which might weaken future fundraising.

At least each quarter there should be a comparison between actual income and expenditure and what was budgeted showing the variance (difference) between the two. The treasurer, a volunteer, a book-keeper or finance worker might produce this report. The treasurer normally presents it to the committee. It is important that all trustees have a good understanding of this report. It is their main financial management tool.

Payroll | We recommend that small charities use a payroll service to calculate PAYE, National Insurance and to issue payslips. The charity can then write out the cheques to the employees and pay the Inland Revenue. This service normally costs between £4.00 and £5.50 per slip. Some treasurers undertake this task and sometimes it is be done by a finance worker.

An annual return has to be submitted by the 19 May each year and a P9D declaring expenses for employees earning less than £8,500 or a P11D for employees earning over should be sent in by 6 of June) This can also be done by a payroll bureau. Charity staff don't benefit personally from expenses, so should be eligible for an exemption of tax on expenses. Apply to the H M Revenue & Customs.

People with earnings less than £104.52 a week – including volunteers receiving a round sum allowance i.e. £5 a day expenses – should be asked to sign a P46, or be taxed. The treasurer should check that this is happening.

What skills? | The treasurer needs to be able to take an overview of the finances (are they on target or not?), have a feel as to where the organisation is going over the next few years and have ideas for how it will be financed.

The treasurer should:

- Have a strong commitment to the organisation.
- Have the ability to develop a financial routine and stick to it.
- Have a willingness to listen and learn.
- Have the ability to explain figures to other people.
- Be able to add up and use a simple calculator.

- Be able to think about the future as well as the present.

How much time? | The treasurer of a small voluntary organisation with a turnover of up to £20,000 will probably spend four hours on treasurer tasks a month – plus committee meetings. Treasurers of larger organisations are likely to be able to delegate tasks to staff and freelance book-keepers, so the time commitment is often the same – 4 hours a month plus meetings. If the treasurer is involved in writing funding applications, this will increase the time.

Recruitment | Treasurers have a significant influence on policy and should try to stay with the organisation for at least three years. Training up an existing committee member is often the best way to find a treasurer.

Advertisements in newspapers, and mailshots to accountancy firms, colleges and businesses may identify suitable people. Volunteer Bureaux and Community Accountancy Projects like CASH can sometimes help. You should always take up references.

Annual Accounts | The annual accounts are different from the management accounts. They are to enable people outside the organisation to consider its viability, cost effectiveness and whether further funding is appropriate. These accounts are normally checked by an independent examiner or auditor – who often prepares the accounts as well. The treasurer should ensure the auditors receive all the information and papers they need and that they complete their work on time.

Annual Returns | The Charity Commission requires that an annual return (a form they provide) and a copy of the annual accounts is sent to them nine months after the end of the financial year.

Those charities that are companies (of either sort) will also have to complete an annual return within strict deadlines. They may have to complete a corporation tax return (CT600E (2006) Company Tax Return Form – Charities and Community Amateur Sports Clubs) within a year of the balance sheet date, if they have not obtained an exemption.

Trusts and local authorities frequently require progress reports and forms filling in once or twice a year. The treasurer should ensure that there is a system in place which will make this happen on time.

Annual General Meetings | The treasurer normally presents the annual accounts to the AGM, giving an overview of the previous year's finances, the prospects for the future – as well as answering questions on financial issues. A finance worker may also be present to help with any technical issues.

Financial Controls | It is a good idea for groups to keep a set of written rules which cover topics like who can order goods, sign cheques or make fundraising applications. These rules help the group to control its affairs and reduce the risk of fraud. The treasurer should ensure that once approved they are reviewed by the committee at least every two years.

There are a variety of insurance policies that a voluntary organisation may need including: public liability to cover accidents to users and members of the public; accident insurance for volunteers and committee members; employer's liability for employees, premises and contents insurance for buildings and their contents – computers etc. and motor insurance. The treasurer should be confident that appropriate insurance policies are in place.

A fixed asset register helps if you have to make a claim.

Fundraising | The treasurer should review the budgets of all fund raising applications to make sure that there are sufficient resources to do what the organisation is saying it will do and also check that the application falls within the charity's objectives. The treasurer does not have to be involved in writing the applications.

Future Trends | A good treasurer will know whether the organisation is expanding or contracting and will have a view of where its funds will be coming from over the next few years.

Solvency | Organisations must be able to pay their bills and meet all other financial commitments as they fall due. An organisation that cannot do this is insolvent. The treasurer should make sure that there is always sufficient funding and cash in the bank (reserves) to meet obligations (Contractual Liabilities). Sickness, maternity pay and redundancy pay can result in unexpected costs. CASH recommends that charities consider having reserves of between 20% and 30% of annual expenditure.

Try it! | Being a treasurer can be very interesting. The role can have a major influence on policy and the direction that a charity takes over the years to come. If you have the time and commitment we recommend that you try it.

Treasurer's Diary

Many organisations have a financial year which runs from 1 April to 31 March. Some of the tasks listed will not apply to every charity. The treasurer does not have to do all the tasks in the diary, but should ensure that they are being done competently by someone.

Tasks to be completed every month:

- Pay: staff, Inland Revenue and suppliers.
- Bank income: all cash income and cheques.
- Balance petty cash and top up if necessary.
- Check that all grants due have been claimed.
- Check that invoices to customers/clients have been sent out and reminders to those who have not paid last month's invoices.

April | Bring books up to date, bank reconciliation. Prepare 12 month management accounts and present them to the next committee meeting.

Expenses forms P9D or P11D to Inland Revenue. Invoice members for subscriptions if needed.

Ensure that any returns required by funders will be sent on time.

Check insurance policies.

May | Check and update the Fixed Asset Register.

Complete Annual Return P35 for Revenue & Customs. Issue P60s to staff by 31 May.

Prepare for Audit/Independent Examination, produce schedules of debtors and creditors as at 31 March and give to Auditor/Independent Examiners together with books of account, vouchers, invoices, cheque books, paying-in books, copies of last year's minutes, details of insurance policies, constitution, lists of trustees and employees, management accounts for last year and draft financial accounts if you have prepared them.

June | Check Financial Controls, revise as necessary.

July | Bring books up to date, bank reconciliation. Prepare 3 month management accounts and present them to the next committee meeting.

August | Have a holiday

September | Review your training needs.

Check the fundraising strategy and revise as necessary or ask for it to go on the agenda.

Audited accounts or the Independent Examiner's reports should be available now and be presented to the next committee meeting.

Write your contribution for the annual report to go with the financial statements.

Check reserves in accounts/report against the policy, consider whether they are sufficient.

October | Bring books up-to-date, do bank reconciliation. Prepare 6 month management accounts and present them to the next committee meeting.

Make sure copies of annual report and accounts are sent to funders. Annual General Meeting, present the Audited Accounts or Independent Examiner's report to the meeting, comment on the previous year's finances and the prospects for the future. Thank staff/volunteers as appropriate.

November | Complete Annual Return for the Charity Commission and post.

Send accounts to Companies House.

Complete Corporation Tax return.

December | Attend seasonal celebrations.

January | Bring books up to date, bank reconciliation. Prepare 9 month management accounts and present them to the next committee meeting.

Ensure that the annual returns are sent to the Companies House together with completed form 363.

Consider any financial implications that need to be taken into account in next year's budget.

Think about the trend, is income growing year by year, static or decreasing?

February | Review staff terms and conditions, contracts of employment and job descriptions etc. Draw up draft budget for next year and present it to the committee. Make any changes they require.

March | Check the fundraising strategy again and revise it or ask for it to go on the next agenda.

Fact sheet produced by CASH-ONLINE copyright © to CASH.
www.cash-online.org.uk Charity Reg No 10356212.