

The Treasurer's role

A step-by-step guide on how to be the treasurer for a community group. Includes basic principles of managing money, keeping track of cash and bank accounts, and sharing information with the rest of your group.

This is one of three information sheets dealing with financial matters. The others are *Your group's money* and *Financial rules*. Together, the three sheets aim to clarify who is responsible for what and give practical tips on handling money and book-keeping.

This particular sheet focuses on the role of the treasurer.

As treasurer, you have day-to-day responsibility for looking after your group's money. However the committee as a whole is responsible for deciding how funds will be raised and spent. Your job is to keep accounts and report to the committee.

1. Basic rules for dealing with money

Each group may deal with its money in a slightly different way depending on circumstances. But there are basic rules for dealing with money which apply to everyone.

- ♦ Be methodical. Keep a clear record every time you receive or pay out money. Do not rely on memory to write it up later. Clear records will help you to keep track of money and ensure that, for example, you have collected all the subs or have not paid a bill twice.
- ♦ Make sure that you have paperwork for any money which you take in or pay out. This applies to cheques and bank transfers as well as cash.
- ♦ Keep paperwork in number or date order. This is best done by using treasury tags or a ring-binder. It will make it much easier to look through your records.
- ♦ When you receive or pay out cash, always record the full amount. For example, if you take in cash from a jumble sale and then use some of it to buy tea and coffee, you should record both the total takings and the cost of the supplies.
- ♦ Keep the group's cash separate from your own.
- ♦ Do not hold on to large amounts of cash; bank it as soon as possible.
- ♦ Check regularly that the cash in your tin equals the balance in your cash book.
- ♦ It is sensible to have at least three signatories to your bank or building society account. Make sure that two people are required to sign a cheque, withdraw cash, or make a payment by BACS or debit card.
- ♦ Sign a cheque only when you have written it out with the name of the payee and the amount.

- ♦ Never sign a blank cheque or ask another signatory to sign a blank cheque for you to write later.
- ♦ Check bank statements carefully.
- ♦ Give regular reports to your committee.
- ♦ If you receive money from funder, check their terms and conditions carefully – they may have rules about how their money is spent and handled.

2. Receiving money

When you receive a cheque or someone makes a bank transfer into your group's account, keep the paperwork (e.g. a covering letter with a grant). Write on it the date on which you received the cheque or bank transfer.

Whenever you take in cash, write a receipt. The easiest way is to use a small duplicate book with numbered pages. Record the total, the date, the name of the person handing over the cash and where the cash came from (e.g. subs). Hand over the top copy as the receipt and keep your copy in the book.

3. Spending money

Make sure that you have invoices or till receipts for all purchases. For travel costs, get bus tickets or taxi receipts. This rule applies to both cash and cheque payments.

When you pay out cash, write out a petty cash voucher. Ask the person receiving the cash to sign for it. Staple the till receipt to the voucher. Give the voucher a number and file in number order.

When you pay by cheque, make a note on the cheque stub of the value of the cheque and who it is made out to. Write the number of the cheque on the invoice and file the invoice in the order of the cheque numbers.

Do you intend to make payments by BACS (a bank transfer), Standing Order, Direct Debit or debit card? If so, draw up a simple form to record the amount, date, and who you are paying. Use this each time you make a payment, and always get a second signature to authorise the payment before you go ahead.

4. Petty Cash

You may be able to withdraw cash using your cheque book, building society passbook or debit card. Cheques will need to be signed by two signatories. Fill in the cheque stub as 'Petty cash'.

Withdrawals by passbook or debit card should be authorised in advance by at least 2 signatories. You can create a simple form to be used for this, that includes the date, the amount, the name of the person making the withdrawal, and space for two authorising signatories. If the withdrawal is made using a debit card, the receipt should also be kept and passed over to the treasurer.

5. Transfers between bank accounts

If you have more than one bank account, keep a clear record of transfers between them. When you draw on a deposit account, it is best to transfer the money into your current account before spending it. If you draw cash from a deposit account and spend it at once, it is very easy to forget about it as you will not have a cheque stub to remind you.

6. Writing up the accounts book

The accounts book is where you record receipts (money in) and payments. For simple records, the 'accounts book' may be a page in a notebook which you rule up. For more detailed records, it may be a spreadsheet on your computer or you can buy an analysis book with several columns. As part of our Money in Mind project, we produced two free spreadsheet accounts systems¹ which you can download.

There is no single "right" way to write up your book, but here are some basic tips which you may find useful.

- ♦ Keep a separate book for (a) your cash and (b) your bank or building society account.
- ♦ The simplest way is to have a column each for receipts and payments, and a third column to show how much you have left. This will help to ensure that you do not spend more money than you have available.

Here are examples of a cash account record and a bank account record.

Downs Road Community Association – Cash account

Date	Detail	Receipt no.	Voucher no.	In	Out	Balance
1st April	Cash opens	-	-	-	-	£10.60
1st April	Jumble Sale takings	56	-	£52.09	-	£62.69
-	Bus fares	-	1	-	£3.00	£59.69
2nd April	Subs	57	-	£10.00	-	£69.69
-	Photocopies	-	2	-	£6.80	£62.89
3rd April	Cash from bank	-	-	£50.00	-	£112.89
-	Coffee morning refreshments	-	3	-	£44.29	£68.60
4th April	Bingo takings	58	-	£70.00	-	£138.60
-	Bingo Cash Prize	-	4	-	£30.00	£108.60
5th April	Cash banked	-	-	-	£58.60	£50

¹ <http://www.resourcecentre.org.uk/information/money-in-mind-accounts-systems/>

Downs Road Community Association – Bank account

Date	Detail	Payment type	Cheque no.	In	Out	Balance
1st April	Bank opens	-	-	-	-	£232.06
2nd April	B&H Council EDB Grant	BACS	-	£500.00	-	£732.06
3rd April	Cash from bank	-	22	-	£50.00	£682.06
4th April	Kitchen equipment	-	23	-	£84.78	£597.28
5th April	Cash banked	-	-	£58.60	-	£655.88

How to enter up cash withdrawals from and cash payments into the bank

When taking cash out of the bank, or paying cash into the bank, you are only transferring the funds from one form or account to another (i.e. from the bank account to the petty cash and vice versa). It is important not to think of this transaction as 'income' or as 'expenditure', but merely as a transfer.

Enter this up in your account book as a 'cash transfer' or 'cash from bank' or 'cash to bank' – make sure you make an entry for the funds leaving the bank account, and another entry for the funds entering the petty cash account or vice versa

Keeping track of different types of payments and receipts

If your group has regular receipts and payments, you may find it useful to break them down under headings such as grants or telephone. This will enable you to easily find how much you have taken in from a particular source or spent on a particular type of thing. There are no standard headings – use ones which are useful to your group, such as items which are spelled out in the conditions of a grant. An example is on the next page.

Downs Road Community Association – Bank account

Date	Detail	Cheque no. / BACS/ DD/SO	Receipts (Money in)			Payments (Money out)				Balance
			Total In	Grant	Donations	Total Out	Rent	Phone	Computer Costs	
1st April	B&H Council	–	£1000	£1000	–	–	–	–	–	£1000.00
2nd April	Parish Church	SO	–	–	–	£200	£200	–	–	£800.00
6th April	BT	DD	–	–	–	£56.98	–	£56.98	–	£743.02
21st April	IT Direct	BACS	–	–	–	£429.99	–	–	£429.99	£313.03
30th April	PC World	544	–	–	–	£28.50	–	–	£28.50	£284.53
30th April	Mr Smith	–	£50	–	£50	–	–	–	–	£334.53

*BACS = Bank Transfer; DD = Direct Debit; SO = Standing Order

If you need several columns of headings, it may be best to record receipts on one page and payments on another, with a separate record of the balance.

7. End-of-month check

Cash account

- ♦ If you have a lot of entries each month in your cash account, it is best to rule off the page at the end of the month. Add up each column. Check that the balance in your book is the same as the cash in the tin. Carry over the balance to the new month.
- ♦ If you have very few entries simply check your balance against the cash in your tin.
- ♦ If you cannot get your cash account to tally with the cash in the tin, do not carry over the error to next month. Write "error in cash" and enter a payment in the book so that it tallies with the actual cash. If the tin is short, don't put in your own cash to make it balance.

Bank account

- ♦ Use the monthly bank statement to check that you have written everything correctly in your account book and that the bank has not made any mistakes with your money.
- ♦ Tick off each entry in your book which appears on the bank statement.

- ♦ You may have written a cheque which does not yet appear on the statement. You will need to subtract this from the balance on the statement.
- ♦ You may have made a last-minute deposit which is not on the statement. You will need to adjust the statement balance by adding this amount.
- ♦ The balance in your book should now agree with the adjusted statement balance. Remember that it is your book (not the unadjusted bank statement) which tells you how much money is available to spend. This is why it is important to write in your book every single time you take in or spend money.
- ♦ Rule off the page and add up each column. Carry over the balance to the next month (see example below).

April account

Date	Detail	Cheque no./ BACS/ DD/SO	Receipts (Money in)			Payments (Money out)				Balance
			Total In	Grant	Donations	Total Out	Rent	Phone	Computer Costs	
1st April	B&H Council	BACS	£1000	£1000	–	–	–	–	–	£1000.00
2nd April	Parish Church	SO	–	–	–	£200.00	£200.00	–	–	£800.00
6th April	BT	DD	–	–	–	£56.98	–	£56.98	–	£743.02
21st April	IT Direct	BACS	–	–	–	£429.99	–	–	£429.99	£313.03
30th April	PC World	544	–	–	–	£28.50	–	–	£28.50	£284.53
30th April	Mr Smith	–	£50.00	–	£50.00	–	–	–	–	£334.53
End of Month Balance	–	–	–	–	–	–	–	–	–	£334.53

May account

Date	Detail	Cheque no.	Receipts (Money in)			Payments (Money out)				Balance
			Total In	Grant	Donations	Total Out	Rent	Phone	Computer Costs	
1st May	Balance carried forward	–	–	–	–	–	–	–	–	£334.53

- ♦ File the bank statements and keep them in date order. They are an important part of your records and will be needed by whoever examines your accounts at the end of the year.
- ♦ If you use internet banking, you can look at your bank statements online and check your balance and recent transactions at any time. If your bank does not send you printed statements, make sure that you print out a bank statement at the end of each month.

8. Committee meetings

You should be in a position at each meeting to say how much money the group has available. For small groups, this may be enough. However, to give the committee a more useful picture, it is best to report:

- ♦ the cash balance
- ♦ the bank or building society balance
- ♦ total receipts and payments so far this year
- ♦ expected receipts and payments over the next month or quarter.

Have a look at our page on *Your group's money* for tips for the committee and the group as a whole on how to manage the group's finances.