

Your group's money

Information and tips to help your whole committee take responsibility for looking after your group's money.

This is one of three information pages dealing with financial matters. The others are *The role of the treasurer* 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 looks at the importance of involving your group's members so that you make the best use of your funds; it also gives tips on looking after your money.

Groups of different sizes will have different ways of working. A small group is likely to be fairly informal and have few rules. A larger group may well need more detailed procedures for handling money and keeping accounts. The important thing is that every group makes clear decisions about its money.

- ◆ Your group is responsible to all its members for any money which it receives and spends; every member has the right to know how the money has been used.
- ◆ Every committee member is responsible for deciding how funds will be raised and spent. It is not just the responsibility of the treasurer even though they deal with the money day-to-day. Where a group is very small and has no committee, the membership as a whole is responsible.
- ◆ The whole committee should agree on spending decisions, apart from very small amounts which may be left to the treasurer's discretion.
- ◆ Your group must keep records. The committee, not just the treasurer, is responsible for ensuring that proper records are kept.
- ◆ The treasurer should regularly give details of the financial position to the committee. For small groups this may be a simple verbal report; larger groups may need a more detailed written report. The key thing is for the committee to have enough information to make good decisions.
- ◆ You should be consistent in how you handle money and keep records. It may be a good idea to draw up some basic rules to ensure that everybody does the same thing and that the money is properly looked after. You should make sure that everyone who joins your management committee is aware of these rules.

Our information on *Financial rules* provides a set of basic rules for the day-to-day handling of money and record-keeping; you can either adopt these rules or use them as guidelines to write your own.

Our information on *Responsibilities of the Management Committee* gives further ideas on how to ensure that your group is well run.

Record-keeping

Keeping good financial records will help you to make the best use of your money. They will help you work out how much money the group needs next year and then budget accordingly.

Records help with fundraising; for example

- ♦ If you apply for a grant to the Council or to a charitable trust, they will ask to see accounts as proof that the association is well run and will use the grant properly.
- ♦ If you are trying to decide whether to run a raffle or have a stall at a local fete then past records will show which raises the most money.

You should present accounts to the AGM for members to discuss and approve. Your constitution is very likely to require this and, in any case, your members have a right to know about the group's finances.

You may be required by law, for example if you are a charity, or by a funder to produce annual accounts and have them examined by an independent person.

See our information on *charity accounts and reports*, in particular the section on 'Independent Examination of Accounts'

Discussing the financial report

Make time at each committee meeting to discuss the finance report. Give everyone the opportunity to put questions to the treasurer and the committee.

A financial report should tell the story of what's happened in the group's finances since the last meeting and how things are going overall. The same is true of the annual accounts which should tell the story of the year. You don't have to stick to a list of figures - it can help members if you also include some written or verbal explanations of the key points.

Dos and Don'ts - how to avoid a muddle

There are certain problems which crop up time and time again in the way that groups look after their money. Some are fairly minor, but could still mean that you get in a financial muddle. Others are far more serious and could end up preventing your group from doing the work it was set up to do. Try to avoid all of these!

- ♦ **Don't** leave the treasurer to get on with it alone, only showing an interest when something goes wrong; this is worrying for the treasurer and also means that your group will not make the best use of its money
- ♦ **Don't** keep members of the group in the dark about the financial position
- ♦ **Don't** use a debit card to routinely withdraw cash from an ATM; this is a recipe for losing track of how much is going out of the account and it may leave you open to suspicion of theft or fraud
- ♦ **Don't** draw cash direct from a deposit account to spend straight away; it may get forgotten if it isn't transferred to the current account and withdrawn by cheque

If you are the Treasurer, make sure that you:

- ♦ **Do** keep detailed financial records
- ♦ **Do** spend money only on things that have been agreed by the committee
- ♦ **Do** fill in the cheque stub when you write a cheque, with the amount, payee and the date
- ♦ **Do** make sure you record all cash received and all cash spent. This includes occasions when you receive cash and then spend it quickly without banking it
- ♦ **Do** make sure that anyone who receives or spends money knows how to keep track of it properly; this applies to everyone in your group, and not only the committee
- ♦ **Do** keep cash received separate from the petty cash float
- ♦ **Do** make sure that if you have more than one bank account, records are kept for both and reports are made on both
- ♦ **Do** make sure you can give funders a detailed account of how you spent their grants, and check their terms and conditions relating to how money should be handled

Don't leave it all to the treasurer...

The treasurer deals with the group's money on a day-to-day basis, but it's not their sole responsibility.

Make sure there are regular financial reports at your meetings, and that everyone is paying attention to them! The whole committee needs to know that your group is not over-spending, and that the money is being spent wisely.

Every group member is responsible for dealing with the group's money in a clear and organised way:

- ♦ always check with the treasurer before spending any money
- ♦ always get till receipts, bus tickets, taxi receipts etc. for any money spent on behalf of the group
- ♦ always make a note when you take money in. Record the amount, date, and what the money was for.