

Quick Guide to.....The Money

Managing the money is not simply a question of cash handling although in essence it does refer the income and expenditure of a group i.e. the cash and grants that come in and the bills that have to be paid out!

The Management Committee has a joint responsibility to ensure that a group remains solvent. It must ensure that all legal requirements pertaining to any grant conditions are met, therefore it would be advantageous to have a committee member who has some experience in financial or accounting matters, however the responsibility to be aware of the groups financial obligations is that of the Committee as a whole!

As mentioned above, 'Managing the Money' is not simply a question of cash handling, it also includes some of the following;

- Keeping day to day cash records
- Managing the groups bank account
- Ensuring all legal financial requirements are met and complied with
- Setting budgets
- Monitoring and Reporting on Income and Expenditure
- Preparing annual accounts
- How is the annual accounts viewed by an independent person

Important Points

- The public can ask to see a groups accounts at any time therefore openness and transparency are key! Financial affairs need to be kept in good order
- Although the Treasurer may take the lead in handling day to day finances, all the Management Committee are **EQUALLY** responsible for managing finance

Restricted /Unrestricted Funds

Restricted funds usually refer to grants given by funders, where the funder has specified exactly what the money can be spent on.

Unrestricted funds are 'core grants' where the funder has not specified what the money should be spent on.

Bank Account

Once the group has adopted it's Constitution (or governing document) the Committee will be in a position to open a bank account in the name of the group!

The Committee should nominate two people (at least) to act as signatories for the group (it makes sense for the Treasurer to be one of these signatories)

These two nominated members should approach the bank for the required forms to open the groups bank account. They will need to produce a copy of the Constitution along with relevant personal identification as specified by the bank.

Keeping Financial Records—It is essential that all Community Groups be they large or small keep some form of financial record. Whilst overall responsibility for good financial management will remain with the Management Committee it is common sense to appoint someone with some financial experience as Treasurer. A 'Best Practice' approach to financial record keeping can be found below;

- Always get and keep receipts, no matter how small the amounts!
- Always give receipts for any money received and pay cash into the bank account as soon as possible
- Keep petty cash in a secure place and ALWAYS get people to sign it in and out through entries in the cash book
- DO NOT count cash on your own! Always have someone else present who can verify your calculations
- Pay cash and cheques into the organisations bank account weekly
- Pay bills on time and if the group employs any staff, ensure they are always paid on time
- If any cash is awarded as a prize e.g. In a raffle, ensure a list of recipients/ winners is publicly available
- If the group holds events such as fundraising events, record the expenditure of the event (costs of the venue, refreshments, sandwiches etc) separately to the income generated from it (entrance fees, sales etc)
- Get into the habit of recording grant income as either restricted (where the funder has specified exactly what the money is to be spent on) and unrestricted (where the funder has made no restrictions on how the money may be spent)
- ALL Community Groups be they large or small are required to keep some form of financial records for at least six years

Accounts

Annual Accounts are essentially a report prepared by either the Treasurer or appointed accountant at the end of the financial year. The Annual Accounts are extremely important as they:

- Show members that the Committee/Board is managing the finances effectively
- Show funders that their grants are being spent on what they were intended for
- Show prospective funders how the group manages its accounts
- Shows donors how their donations are being used



Income and Expenditure Accounts are the simplest way of showing money that has come in and money that has gone out of the groups resources.

Accrued Accounts additionally show any money owed by or to the group at the end of the financial year

The Annual Accounts should be 'Adopted' at the AGM after scrutiny by the members. There is usually a constitutional requirement that they be scrutinised by an independent individual/body prior to presentation to the members.

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