

The role of the Treasurer

Updated March 2016

A treasurer of a local group plays a vital role. Below are some of the key skills required for an effective treasurer and a summary of your main duties.

What skills do I need?

You don't need to be a qualified accountant or finance whizz to be a treasurer, but it is a responsible role and one that requires attention to detail.

Treasurers should:

- understand the need for having and following proper financial procedures
- understand the basics of keeping financial records and accounting
- be willing to raise questions about the financial consequences of the committee's plans for the group
- be willing to get help from financial professionals if they need to.

Main duties of the treasurer

Overseeing the group's finances

- You are responsible for making sure you know what money is coming into and going out of the accounts.
- You should keep accurate records of income and expenditure.
- You will be responsible for ensuring payment of expenses and acting as a signatory for cheques.
- You must keep your accounts up to date and available to the committee.

Making sure the group is financially stable

- It is your responsibility to keep the committee updated on the financial situation to enable them to effectively manage the finances. You should feel confident to present an honest picture of the financial situation, including letting the committee know if there is a risk funds may get particularly low.
- It is your responsibility to prepare financial records to support any applications for funding.
- You may be involved with some fundraising and events that raise money for the group.

Producing financial information for the committee at meetings

- If asked, you should be able to show the group's current financial situation by giving a report, a budget or accounts.



- You may manage any relationship with accountancy firms or bookkeepers employed by the charity for accounts work.

Although the treasurer is responsible for administering the finances, all members of the committee are equally responsible for the way their group is run. This applies to both legal and financial aspects of the group's work. The committee should be fully informed on the group's financial situation and any financial decisions should be made as a whole.

What will I need as treasurer if we are starting from scratch?

- A copy of the group's constitution. This will show how long you will stand for and how a new treasurer is elected.
- A file or two to keep copies of paperwork relating to income and expenditure, such as bills, bank statements, remittance advice and donor letters.
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- Access to a computer with Microsoft Excel and/or a manual cashbook.
- A cashbox for keeping small amounts of petty cash.
- A bookkeeping system. This could be on a spreadsheet, cashbook system, or a combination of both.

Opening a bank account

- In order to receive grants your group will need to open a bank account. Most banks offer free banking to community groups and you should be able to open an account without paying money in.
- Open the account in the name of the group.
- NDCS do not ask you to open an account with a particular bank. Choose a bank with a branch that is convenient to where the group meets.
- The bank account should have at least two signatories, one of whom should be the treasurer.
- A minimum of two signatures should be required for any withdrawal.
- Check with the bank what identity items they need to open the account. You may need to provide proof that your group is a voluntary, non profit making organisation. A copy of your group's constitution is usually sufficient.
- You should use the treasurer's address for bank correspondence such as bank statements.
- Do not accept if the bank offers an account cash or debit card. Cash withdrawals should be made by cheque over the counter at the bank and bills should be paid by cheque.



What do I need to do if I am taking over from an existing treasurer?

- Inform the bank(s) of your new role and complete a mandate to change the signature and correspondence from the previous treasurer to yourself.
- Collect all the books and documentation from your predecessor and look through to ensure you understand how records of all transactions have previously been kept.
- Ensure you have all past bank statements, accounts and receipts.
- Decide whether you want to continue along the same lines or make changes in the reporting format.

Notify other regulatory authorities such as your charity regulator (if the group is a registered charity) and HM Revenues and Customs (if the group is registered to claim Gift Aid).



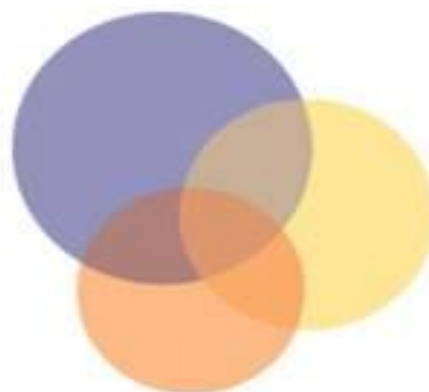
Overseeing the group's finances

Key principles

1. **Spending funds for your charitable aim.** Groups should always spend funds for the charitable purpose that they have been raised for. For example, your local group should keep an eye on whether activities you are running or funding are for the benefit of deaf children and their families and how you know for sure that the funds are being used in this way.
2. **Reserves.** Keeping some money aside 'for a rainy day' can be helpful to protect your group during difficult times. However, charities should spend their income within a reasonable time unless there is a good reason not to. In this situation your committee should agree and be clear about the reasons for keeping 'reserves' and be prepared to explain to others why you are setting money aside rather than spending it on your charity's aims. Restricted reserves should not be included in money that you set aside for a rainy day (see below for a description of unrestricted and restricted income).
3. **Transparency and accountability.** Groups should be prepared to be answerable to those involved in the group (e.g. their members and people who give money to the group). The group should therefore aim to present an honest picture of their funds, giving relevant information such as the amount of funds, where it came from and what it was spent on. This should be as accurate as possible. It should be presented in a way that can be understood by members and donors, to help them make decisions about their involvement. For instance, a person who wishes to donate should be able to get a sense of what sorts of things their money will be spent on.

Hints and tips

- Keep a note of all money received and all money paid out. Remember, the longer the delay between you completing an entry the more likely you are to forget something. Try to complete entries as soon as possible.
- If using an online spreadsheet it may not always be possible to access your accounts when needed, so it may be helpful to keep a small notebook to jot down any cash/cheques received during committee meetings and events.
- Make sure all money is paid into the bank as soon as possible
- Pay bills by cheque as often as possible, the less you do in cash the better - payments through the bank are a great deal easier to track.
- If you do make a cash payment, you will need a signed receipt.
- When paying a deposit, make sure you get a receipt.
- Keep a different file for each financial year.



- Make sure all committee members know they must produce a receipt for any money spent.
- Create a system for committee members to claim petty cash and ensure that all the committee are familiar with this.
- Limit the amount of petty cash you keep. It should be just enough to cover small items such as tea and coffee. Any cash you receive over and above this should be paid into the group's bank account as soon as possible.
- Petty cash should always be kept in a lockable box and should be brought to every meeting.
- All accounting records should be kept for at least six years from the end of the financial year in which they are made.

Managing bank accounts

- Check bank statements each month against transactions recorded on your spreadsheet / in your cashbook.
- Make sure you have enough money in the account to cover any cheques you have sent or bills that need paying.
- If you are paying cheques in, you should allow three working days for the money to be in your account.
- Let the bank know if any of the group's details change (e.g. address for statements, authorised signatories).
- Do not mix the group's finances with your own. Keep them strictly separate.
- Do not share a bank account with another organisation.

Restricted and unrestricted income

Restricted income is where a donor gives money for a specific purpose. For example your group may receive a donation to be used on technical equipment for deaf children. In accepting this income you agree to spend it in accordance with the restriction. Unrestricted income and expenditure are any funds that do not have any such restriction. You should keep a separate record of restricted and unrestricted income and be able to split this when necessary. You should keep documentation showing the restriction attached to the donation and documentation that shows that the funds were spent in this way. You must be clear about what element of your reserves is restricted and unrestricted.

Gift Aid

Gift Aid is a government initiative that allows charities to increase the value of their donations. The scheme enables charities to reclaim the basic tax previously paid on donated money by the gift bearer. Fundraising can be boosted by 25% by claiming Gift



Aid on qualifying donations - a donation of £100 where gift aid is claimed becomes £125.

If your group has not claimed Gift Aid before you will need to register with HM Revenue and Customs. To find out more about this please contact the NDCS Local Groups team.

Online giving

There are a number of online portals you can use to collect donations, and which also help you to collect Gift Aid. To find out more about this please contact the NDCS Local Groups team.

Insurance

NDCS cover the cost for a Community Groups insurance policy for each of our affiliated local groups. This means each local group has its own individual insurance policy and each local group committee is responsible for ensuring your activities are covered.

To find out more about what is included in the cover, and for advice and support about your insurance cover please contact the NDCS Local Groups team.

What to do if your group closes

In the case that your members vote to dissolve the charity you should close the group's bank account. Your constitution will provide information on what should happen to any remaining funds and property. The NDCS model constitution states that any remaining property should be transferred to a charity or charities whose objects are similar. This means another group that provides support to deaf children and their families.

Annual accounts

Every year you must provide accounts that show the group's income and spending and give information about the group's financial situation. These are usually given out at the AGM.

The first page can be a simple income and expenditure account shown in a column form with a resulting surplus and deficit. The second page can be a simple balance sheet showing reserves brought forward, adding the year's surplus or deficit and balancing this with the year end monies held at the bank.

The account can be made more informative by having the previous year's numbers as a comparison.



Miscellaneous income and expenditure should be kept to a low number.

Both the Charity Commission (England and Wales) and Office of the Scottish Regulator (Scotland) have produced guidance on how to prepare accounts. See page 8 for information on where to access this guidance.

Annual General Meeting

The majority of local groups hold an Annual General Meeting (AGM) once a year, usually within six months of the end of the financial year.

Holding an AGM allows a group committee to keep your members up to date on activities, review your past year, and look to what the group has in store for the future. The meeting provides a place to elect and re-elect committee members, and is also the perfect opportunity for members to put forward their own ideas to the group organisers.

The accounts for the year should be agreed by the committee before the AGM and at the meeting the treasurer will be asked to report on the group's funding and spending over the year.

Having copies of the accounts available for people to look at will mean that it is not necessary to spend a great deal of time presenting the detail.

You may also be asked questions about the finances. Try to be open and honest with your answers. If you do not know, say so. Then try to find out the answer and get back to them.

What is an auditor?

An auditor is a person who makes an independent report to a Charity or Company's members stating whether its financial statements have been properly prepared in line with the relevant accounting principles and statutory requirements. Please read the information on page 6 for information on whether there might be a legal requirement to have your group accounts reviewed by an independent third party.

Charitable companies

If your local group is also a company then the committee will also act as company directors. There will be additional requirements to comply with regarding company law and you will be regulated by Companies House. You should refer to Companies House for further details

www.companieshouse.gov.uk/.



Charity regulators

Depending on where your group is based and your annual income, you may be required to register with a charity regulator. It is important that you know whether your group is a registered charity and, if so, what communication the regulator requires from you each year.

Groups in England and Wales

- Charities in England and Wales are regulated by the Charity Commission.
- Groups must register with the Charity Commission once they have an income of over £5,000 per year.
- For charities with gross income over £25,000 in the accounting year there is a legal requirement for external scrutiny of your annual accounts.
- If your group is a registered charity, the Charity Commission will require you to complete an annual return within 10 months of the end of each financial reporting period. The form will explain what information you need to send to them.

Groups in Scotland

- Charities in Scotland are regulated by the Office of the Scottish Charity Regulator (OSCR).
- Groups are not required to register with OSCR. However it is against the law to describe yourself as a charity unless you are on the Scottish Charity Register.
- In order to register with HM Revenue and Customs to claim Gift Aid you must be on the Scottish Charity Register.
- Under statutory requirements, the accounts of all Scottish charities must be externally scrutinised.
- All Scottish charities must submit an annual return and accounts to OSCR every year.

Groups in Northern Ireland

- Charities in Northern Ireland are regulated by the Charity Commission for Northern Ireland.
- All organisations, no matter how large or small, constituted in Northern Ireland for a charitable aim or purpose need to register with the Charity Commission for Northern Ireland.
- Decisions on the requirements for external scrutiny of accounts will be made in 2014. Please contact the Charity Commission for Northern Ireland for up-to-date information on this.
- All Northern Ireland charities must submit an annual return and accounts to the Commission every year.



Fundraising plan

A big part of being involved in a voluntary committee is fundraising. You may get small grants for individual projects, but the more money you can raise, the more this will help with the day-to-day running of the committee.

Why have a fundraising plan?

No matter how small your group is, a written fundraising plan will be a great help. A good plan will help you to focus your efforts, plan out your yearly fundraising calendar, and help co-ordinate your group's activities better.

Writing a plan

- **Who will be involved?** Start by agreeing who will be involved in writing and implementing the fundraising plan. Will you write the plan at a committee meeting, or will a smaller group of members meet separately to go over the plan?
- **Goal:** Decide on a goal. What activities will you aim to offer your members over the next 12-24 months? Estimate the cost of these activities and therefore how much money your group will need to raise in order to carry out the activities.
- **Mission:** Next look at your mission. If the goal answers the question "How much money do you need?" the mission is the answer to the question "Why do you need it?" What are you trying to achieve? What is the purpose? Answering these questions will help when writing funding bids.
- **How:** Now you know how much you need to raise and why, you need to look at how you might do this. Pull together a list of possible donors/fundraising activities. For ideas and support on fundraising please look at the resources in the NDCS local group kit (link on page 8) or contact the NDCS Local Groups team.
- **Timeline:** Write a fundraising activity schedule. Some groups may choose to have only a basic timeline e.g. hold an event in March, send out funding applications in July. Other groups may choose to include the steps needed for each activity and the time needed for each. Remember to agree, and keep a note of, who will be responsible for each task.

At committee meetings, look at where you have got to on the schedule in comparison to what your group had hoped to achieve.



Further information

Publications

- **Banking for Charities** *British Bankers' Association*
www.ncvo.org.uk/practical-support/publications/governance/1-publications/P51-honorary-treasurer-s-handbook

Guidance on preparing accounts

- England and Wales Charity Commission
Information on how to prepare accounts and handling money safely.
www.charitycommission.gov.uk/running-a-charity/money-and-accounts

Websites

- **NDCS local groups pages**
www.ndcs.org.uk/localgroups
Area on NDCS website for affiliated local groups. To read guides, policy and information written for groups click on the local group kit.
NDCS Local Groups team, email localgroups@ndcs.org.uk
- **Small Charities coalition – Accounts and finances resources**
www.smallcharities.org.uk/resources-accounts-finance/
The small Charities Coalition is an umbrella organisation which aims to empower small charities across the UK by helping trustees access the skills, tools and information that they need.
- **England and Wales Charity Commission – Charity money, tax and accounts**
www.gov.uk/topic/running-charity/money-accounts
- Office of the Scottish Charity Regulator (OSCR)
www.oscr.org.uk
- Charity Commission for Northern Ireland
www.charitycommissionni.org.uk

