

WHO ME, A TREASURER?

Financial responsibilities and duties

Every voluntary organisation, whatever its size, needs a treasurer. In small organisations the treasurer deals with all aspects of the group's finances from record keeping and budgets to petty cash and day-to-day running. In larger organisations the day-to-day finances are delegated to paid staff who report back to the treasurer. Treasurers themselves then often report back to a finance committee of the board or to the board itself. The good news is that the final responsibility rests with the board as a whole and not with the treasurer as an individual member.

Responsibilities which go with the job may include:

- keeping and general overview of financial matters
- managing the income from fundraising and sales
- budgeting and financial planning
- reporting back to the board, funders, the Charity Commission and Companies House as appropriate
- book keeping
- keeping a check on stock and assets.

The responsibilities allocated to the treasurer will vary with each organisation and depending on the type of organisation you are, for example if you are a charity or a limited company. The legal responsibilities of charities are set out in the charity law relevant to each country and vary according to annual income. Check with your solicitor or the Citizens Advice Bureau which applies to you. Broadly the job of treasurer, whatever the size of the group, falls under the following headings:

1 General Oversight

This basically means knowing where the money is, how much money there is and how and by whom it could potentially be spent. You need to ensure that workers and board members know enough about the organisation's finances to make decisions, and enough about the limits of their power, for example what they can spend or what they can claim as expenses, to be able to work effectively within those limits.

The treasurer's role may also include advising on contracts of employment if staff are employed by the board. If there are no staff then the treasurer will make day to day financial decisions and report these to the board, liaise with the bank and prepare accounts for audit. In many cases these aspects of the job are taken on by paid employees.



2 Income

Again the tasks may be split between the treasurer and paid employees but broadly include fund raising, both in terms of liaising with the funders and raising new money, and looking into ways of generating money such as events, sales or special projects.

3 Financial Planning and Budgeting

The treasurer's role includes the preparation of budgets and cashflows in consultation with the board or with workers. These must then be presented to the board or committee for approval and once approved they should be stuck to as closely as possible. A close check needs to be kept on the actual income and expenditure so that changes and adjustments can be made where necessary and cash flow problems can be seen well in advance.

The budget is prepared annually and sets out what the group expects to receive and to pay out for the year. A balanced budget means that the income is the same as the expenditure - everything balances. If you expect to have money left over then this is a surplus and can be transferred as "reserves" into the budget for next year. If there is going to be no money left and money will be owed then this is a "deficit" and you need to find ways of paying it off.

4 Book keeping and Records

The treasurer is generally a signatory on the bank account for the organisation and in order to change this the board or committee need to be notified. In order to set up a bank account you need a "form of mandate" from the bank and a copy of the group's constitution. The bank will want to know about who can sign cheques and up to how much. It is good practice to ensure that for cheques over a certain amount two signatures are needed.

The treasurer needs to ensure a check is kept on all cheques received and paid out, all petty cash payments and all membership subscription payments. They need to ensure that money due to the organisation is collected, payments are made to staff when necessary and anyone else who

makes payments needs to keep records and documentation. Always issue receipts for money received and obtain receipts for money spent for your records. The records and receipts you keep will be used to draw up account reports.

If your organisation is not a company but is a charity you are legally required to keep six years worth of financial records. If you are a charitable company you need to keep records for three years. If you are a small organisation it is generally enough to keep two types of records:

- **A cash book recording all payments into and out of the bank - ie. all cheques, standing orders, cash and direct debits. Analysing the cash book is the most important financial record and the book should be regularly updated. You need to record what the money was for if it was coming in, for example was it subscriptions or a grant or perhaps fees. This can be done by dividing the page relating to income into columns so that the source of money can be analysed, for example grants, subscriptions, project funds and other money. Ideally these columns should correlate with your budget headings to make the analysis simpler. You need to record the date of each transaction, all cheque numbers and who cheques were paid to and the relevant amounts. Remember that some money your organisation receives may be for specific projects and have to be accounted for**

Sample cash book

INCOME

DATE	BANKING	TOTAL	SUBSCRIPTIONS	LOTTERY GRANT	TRAINING FEE	TICKETS SALES
2.9.98	250.00	250.00	250.00			
4.9.98	500.00	500.00			500.00	
5.9.98	800.00	800.00		800.00		
8.9.98	750.00	750.00				750.00
9.9.98	250.00	250.00			250.00	
TOTALS		2,550.00	250.00	800.00	750.00	750.00



separately to the funders. These “restricted funds” need to be analysed separately and to make this easier you can set up a separate column in the cash book so that you know where money from these funds has been spent.

- **A petty cash book recording small cash payments, who made the payment, what for and a receipt.** The most common method of dealing with small amount of petty cash is to keep a float of say £100 which is topped up from the bank account once the majority of money has been spent so that the amount available remains constant. Again records need to be kept of how and why the money was spent and the petty cash book can be set up dividing the expenditure under headings such as travel, meals or stationery. Remember to include petty cash in the organisation’s accounts reports.

When bank statements arrive they can be checked against the cash book - but remember cheques which have just been paid in or out may not yet have cleared the account. The checking of the cash book and the statement is called a bank reconciliation. If the figures do not match they may have been entered wrong, the cash book may be added up wrong or there may be unexplained expenditures which need to be tracked down and added to the cash book in order to balance it.

5 Reporting

The treasurer needs to be sure the board or committee is kept up to date with the organisation’s finances so that it can make decisions. He or she should prepare a summary of the accounts for the board as and when required, quarterly is generally enough, as well as presenting the audited accounts at the end of each year to the AGM.

The statement needs to cover:

- **What has come in and what has been spent, and how much money is left in the account**
- **How much money the organisation is owed and what the money is owed for (money receivable)**
- **How the figures presented compare with the budget and whether any potential problems have been identified.** This can be presented in the form of a cashflow forecast showing the flow of money in and out of the organisation. If there is a short term cash flow problem, for example a salary needs to be paid and the organisation’s core grant will not arrive for another two weeks, this can be solved by means of a short term overdraft but beware of managing the organisation on an overdraft - it could be called in at any time. If the organisation has a financial crisis and no obvious way of solving it you need to seek legal advice immediately. Remember that if you are not incorporated (a company) then the members themselves could be held liable for the organisation’s debts.

6 Looking after property and stock

The treasurer has a responsibility for anything owned or supplied by the organisation and their role includes overseeing stock checks and keeping an inventory of all equipment owned by the group. The information is contained in the balance sheet which shows the full worth of the organisation at the time it was written. Its includes all the assets of the organisation (its property) all its liabilities (what it owes) and hopefully in doing so it demonstrates that the organisation is still solvent.

EXPENDITURE

DATE	CHEQUE NO.	TOTAL	POSTAGE	PHONE	NEWSLETTER	INSURANCE	TRAINING
1.9.98	00588	250.00					250.00
4.9.98	00589	280.00		280.00			
5.9.98	DDR	150.00				150.00	
6.9.98	00590	23.00	23.00				
7.9.98	00591	420.00			420.00		
TOTALS		1,123.00	23.00	280.00	420.00	150.00	250.00



Auditors

Most organisations state in their constitution that the accounts must be audited and presented to the Annual General Meeting. Limited companies are legally required to circulate their accounts 21 days before the AGM and ideally those who are not companies should do the same so that members have the chance to spot any problems. Many funders also require the organisation's accounts to be audited annually so that they can see where their money is going.

An auditor is usually formally appointed at the AGM and their fee agreed at the meeting. Sometimes a bank will do the audit for you or another voluntary organisation can recommend an auditor they use themselves. When you are looking for an auditor get quotations and make sure that the person you appoint has experience of dealing with accounts for a charity, if you are one, or an organisation in receipt of public money such as core grants or Lottery funds.

It is the auditor's job to check that the money is spent in accordance with the constitution of the organisation, that all money coming in or out of the organisation has been recorded in its books and to check that the treasurer has done their job according to the wishes of the organisation. You will need to supply them with all the organisation's financial records so make sure you get a list of exactly what they need from you and include legal records such as the constitution of the organisation so that they can see what it was set up to do.

The information above makes the task of treasurer sound complicated and daunting but in many cases the jobs listed above are done mainly by paid staff. If you are a treasurer and have no staff then it is vital that you know the full legal responsibilities of your

organisation in terms of reporting to funders, charity law and company law - but remember the responsibility for getting it right is shared by the board so you are not alone!

Many organisations, for example the Directory of Social Change, run specialised courses for treasurers of voluntary organisations and the details are often included in VAN Update. You can also find out more about the role of treasurer and the responsibilities it involves from:

**The Charities Aid Foundation,
114-118 Southampton Row,
London WC1B 5AA
Telephone 0171 400 2300**

**National Council of Voluntary Organisations,
8 All Saints Street,
London N1 9RL
Telephone 0171 713 6161**

**Northern Ireland Council for Voluntary Action,
127 Ormeau Road,
Belfast BT7 1SH
Telephone 01232 321224**

**Scottish Charities Office,
The Crown Office,
25 Chambers Street,
Edinburgh EH1 1LA
Telephone 0131 226 2626**

**Scottish Council for Voluntary Organisations,
18/19 Claremont Crescent,
Edinburgh EH7 4QD
Telephone 0131 556 3882**

**Wales Council for Voluntary Action,
Llys Ifor,
Crescent Road,
Caerphilly CF8 1XL
Telephone 01222 855100**



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