



What do Treasurers do?

**An introduction to the roles and
responsibilities of Treasurers of
voluntary organisations and
community groups**

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The role and responsibilities of Treasurers

Introduction

This guide is designed to give an overview of the role and responsibilities of Treasurers of voluntary organisations and community groups. It does not give detailed step-by-step instructions for the different activities that Treasurers need to perform as these vary depending on the size and type of group involved. Step-by-Step instructions are available when the type of system needed and relevant regulations have been identified (e.g. Resource Centre information sheets for community groups).

This guide is also designed to introduce Treasurers to the web resources that are available from national support Organisations as well as local support provided by DEVELOP. The website links for all the references in this guide are on page 11.

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N.B. *The website links for all the references in this guide are on page 11.*

The Treasurer and the Board

As treasurer, you have day-to-day responsibility for dealing with money. It is your job to keep accounts and report to the Board of Trustees (sometimes called a management committee).

The whole Board of Trustees is responsible for deciding how the money will be raised and spent. Apart from small amounts (which may be left to the treasurer's discretion) the whole Board should agree on spending decisions. The Board, not just the treasurer, is responsible for ensuring that proper records are kept. Sometimes the Board leaves the treasurer to get on with it alone, only showing an interest at the AGM or when something goes wrong. This is worrying for the treasurer and also means that the organisation does not make the best use of its money. (Resource Centre: The Treasurer's Job)

The Treasurer as a trustee

Treasurers have their own specific role, yet often they are also Trustees. **The Trustee and Management Committee National Occupational Standards** (NCVO: 2006) identify four units of good practice for Trustee Boards:

1. Purpose

Safeguard and promote the values and mission of the organisation.

2. Direction and shape

Determine the strategy and structure of the organisation.

3. The work of the organisation

Ensure the organisation operates in an effective, responsible and accountable manner.

4. The work of the board

Ensure the effective functioning of the organisation's board of trustees.

For more detail see: DEVELOP publication "What do trustees do?"

The Treasurer's Job: A Summary

The **treasurer**:

- Ensures the group spends money correctly
- Ensures accurate financial records are kept
- Provides financial information to the board
- Ensures that the organisation meets all financial obligations
- Presents the audited accounts to the AGM
(BrAVA Factsheets: Responsibilities of the Management Committee)

In small charities without paid staff the **treasurer** may take a greater role in the day-to-day finances of the organisation.

(NCVO: Sample Treasurer Job Description)

The Resource Centre produce a very clear and simple outline of the Treasurer's Job for smaller groups.

Treasurer's Role Specification

- Understanding and acceptance of the legal duties, responsibilities and liabilities of trusteeship.
- Ability to work effectively as a member of a team.
- Nolan's seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- Financial qualifications and experience.
- Some experience of charity finance, fundraising and pension schemes.
- The skills to analyse proposals and examine their financial consequences.
- Preparedness to make unpopular recommendations to the board.

(NCVO: Sample Treasurer Job Description)

Keeping the Books / Accounts

Records of all the money that an organisation spends and receives need to be kept for two main reasons:

Accountability

Every organisation is responsible to its members to account for what it spends and receives. Likewise a charity is responsible to the Charity Commission and the general public to account for everything that it spends and receives. Incorporated groups are also responsible to Companies House.

Funders will also require that groups account for how they have spent the money they have received.

Managing money and budgeting

For an organisation to run effectively it needs to keep track of its money in order to make sure money is spent and received as planned and to ensure there is enough money available to fulfil all its commitments. Keeping track of spending is also important for making realistic budgets and planning for the future.

There are two basic ways of preparing accounts:

- **accruals** - in accordance with SORP. Must contain a balance sheet, a statement of financial activities and explanatory notes. All charitable companies and non-company charities with a gross annual income over £250,000 need to use this approach.
- **receipts and payments**, which broadly shows transactions only when money has changed hands. This method may be adopted by non-company charities with a gross income of £250,000 or less. Charitable companies may not use this method.

Accrual accounts should include a balance sheet and notes on the accounts, whereas receipts and payments accounts should include a statement of assets and liabilities. (Charity Commission: Charity Reporting and Accounting 2009)

Financial Controls

As all the trustees are responsible for the financial management of an organisation it is important to establish financial controls that everyone understands and follows. This will help ensure ownership of the finances by the whole board and financial transparency and clarity within the organisation.

The Community Accounting Network recommends thirteen main areas that organisations should be covered by financial controls:

Budgets It is the main way in which financial responsibility rests with the whole Committee.

Bank Mandate The rules on cheque signatories and their authority are crucial.

Authorisation of Expenditure Who can decide whether to spend money?

Salaries Serious problems can arise from lack of policies and procedures on salaries.

Petty Cash Who keeps the tin? Who reconciles the petty cash records to the actual cash held? Who files the receipts?

Cash Income If an organisation receives a lot of income in cash: who counts it? Who banks it? Who records it?

Bank Reconciliations Regularly making sure your records agree with the banks is crucial.

Committee Reports What information goes back to the Committee - too much or too little?

Audits and Independent Examination The choice of Examiner is yours and is vital.

The Filing System A clear system will help considerably.

Computers You need the right package for your organisation and more than one person who knows how to use it!

Confidentiality Are you clear as to what financial information should remain confidential?

Insurances What system do you have in place to make sure your insurance cover is adequately maintained?

Who Does What Any system which relies too heavily on one person is not good.

Business Planning and Budgeting

Once an organisation has generated information about its aims, environment and options it needs to... begin mapping out plans for its next steps in detail, perhaps in the form of a business plan. Plans do not need to be long and formal, but should be accessible... proportionate and relevant...

Business planning includes:

- Developing goals and targets.
- Capturing the strategy in some kind of written document.
- Thinking about the resources required to deliver the plan.

Fully costing ongoing and new activities is therefore crucial to it being able to serve its beneficiaries in the long-term. Cash flows and budgets also need to be considered at this stage and should be an accurate reflection of what it will cost an organisation to deliver a particular service or product.

(Finance Hub:2007;Guide to Sustainable Funding)

Budgeting

A budget is a plan translated into money for a defined period of time. A budget outlines measurable income and expenditure (based on assumptions and knowledge) against which actual performance can be measured. The purposes of a budget are:

- To coordinate different activities towards a single plan.
- To communicate and set targets.
- To maximize and allocate resources.
- To identify financial problems.
- To establish a system of control by having a plan against which actual results can be compared.
- To compel planning.

A good budget can mean the difference between an organisation's success and failure.

Types of budget include:

- **Revenue budget** - An estimate of total incomes and expenditures for the forthcoming year.
- **Cash-flow budget** - Projections of the cash needs of the organisation over time (usually month-by-month).
- **Capital needs budget** - A longer-term assessment of financial need. Useful for planning organisational growth and development (such as acquiring a new building) as part of a financial strategy.

All organisations should aim to have at least revenue and cash-flow budgets.

(Finance Hub: 2007: Guide to Financial Management)

Accountability and Legal Compliance

Annual General Meetings

The treasurer normally presents the annual accounts to the AGM, giving an overview of the previous year's finances, the prospects for the future - as well as answering questions on financial issues.

Annual Returns

The Charity Commission requires that an annual return (a form they provide) and a copy of the annual accounts are sent to them within 10 months of the end of the financial year.

Those charities that are companies will also have to complete an annual return (for Companies House).

Trusts and local authorities frequently require progress reports and forms filling in once or twice a year.

Smaller Charities

Charities that are not also registered as a company, and which have a total income below £25,000, do not (by law) have to have any external examination of their accounts and do not have to submit accounts to the Charity Commission, although they must prepare them for their members and make them available on request.

NOTE: Your governing document may require external scrutiny of accounts irrespective of income.

Charities that are not registered as a company, and which have a total income above £25,000 and below £500,000, do not (by law) have to have a full audit. Instead they can choose to have an 'independent examination' - a less onerous review of the charity's records and accounts.

Full details of requirements can be found in Charity Commission Guidance CC31 (April 2009)

Larger Charities

Larger charities have to have an independent audit by a registered auditor. A registered auditor is one registered with a recognised supervisory body in accordance with the Companies Act 2006. They also need to draw up formal accounts, which comply with the most recent Statement of Recommended Practice for registered charities. There is a whole raft of requirements, and it is recommended that charities use accountants who are experienced in charity accounting.

Charitable Companies

Different rules apply to charities that are also registered as a company and to Community Interest Companies. Full details on the current accounting requirements for charitable companies can be found on the Charities Commission website. The position is subject to change as various parts of the Companies Act 2006 come into force. These changes are designed to make the accounting regimes for companies and non-company charities very similar.

Web Resources for Treasurers

Finance Hub - See Managing Money and Resources page

<http://www.financehub.org.uk/>

See: Managing Money
Budgets and Costing
Keeping Accounts

See: Managing Money- Resources for links to:
Community Accountancy Network
Guide to Financial Management and
Charity Commission Resources

See: Keeping Accounts - Resources for links to:
CASHFacts
Companies House
Communities Interest Companies

Sustainable Funding Project

www.ncvo-vol.org.uk/sfp

NCVO - use: Search Site "Treasurer"

<http://www.ncvo-vol.org.uk/>

Resource Centre - See Information Sheets page

<http://www.resourcecentre.org.uk/index.asp>

DEVELOP - See What We Do, Resources, Factsheets

<http://www.developecs.org.uk/>

Last updated October 2009

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Providing Services and a voice to voluntary organisations &
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organisations.

For further details on all the services available see our website:
www.developecs.org.uk

Services include:

- **Development Support**
- **Latest Information & News**
- **Funding Advice**
- **Representation & Consultation**
- **Networking Opportunities**
- **Training**
- **Practical Support Services**
- **DEVELOP Volunteering**

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