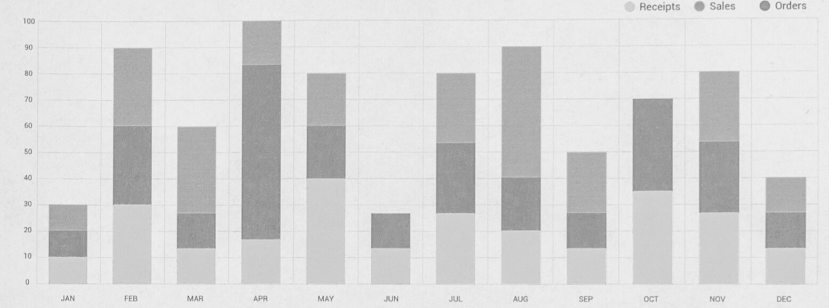


INTRODUCTION TO

# MONEY

from Engage Renfrewshire



Business items



The 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. The responsibility to be aware of the group's financial obligations is that of the Committee as a whole, and the public can ask to see a group's accounts at any time therefore openness and transparency are key.

Financial records need to be kept in good order.

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 group's bank account
- Ensuring all legal financial requirements are met and complied with
- Setting budgets
- Monitoring and reporting on income and expenditure
- Preparing annual accounts
- Managing the auditing of the annual accounts by an independent person

## Bank Account

Once the group has adopted its 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 at least two people to act as signatories for the group. It makes sense for the Treasurer to be one of these signatories.

The signatories will need to produce a copy of the Constitution along with relevant personal identification, and complete any relevant forms as specified by the bank.

## 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 also known as 'core grants', where the funder has not specified what the money should be spent on.



## Keeping Financial Records

It is essential to maintain 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;

- 1.Always request and keep receipts, no matter how small the amounts
- 2.Always give receipts for any money received and pay cash into the bank account as soon as possible
- 3.If using petty cash, keep it in a secure place and always get people to sign it in and out through entries in the cash book
- 4.Do not count cash on your own; always have someone else present who can verify your calculations, and pay cash and cheques into the organisations bank account weekly
- 5.Pay bills on time and if the group employs any staff, ensure they are paid in full, on time
- 6.If the group holds events such as fundraising events, record the expenditure of the event (costs of the venue, catering, entertainment etc) separately to the income generated (tickets sales, entrance fees, auction, raffle etc)
- 7.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)
- 8.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. 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. **See our Introduction To AGMs for further information on adopting accounts.**

