

MANAGING MONEY

All groups need to manage their money and account for it whether it is small sums of cash or large scale grants.

All the members of the management group or committee are responsible for the money – not just the Treasurer. The responsibility is not just to the people who gave the money – which might be a member of the group, the public or funders – but also the Inland Revenue and possibly Police. Have clear rules, e.g. who can sign cheques (at least two people), no signing of blank cheques and no signing without supporting documentation.

KEEPING BOOKS

Keep proper records of money received or spent. These books should be appropriate to the size and nature of the groups, e.g. a handwritten cash book or computerised printouts. Whatever they look like, they should be open to inspection by group members or those with a statutory right, e.g. Inland Revenue.

The books should tie up with what's in the cash box, bank or building society so keep statements and reconcile them. Once a year have this done by someone else – for larger groups an independent examiner or auditor.

PRODUCING ACCOUNTS

Accounts should be produced on a regular basis for the Management Committee – monthly or quarterly. Show what has come in and gone out (Receipts and Payments).

Once a year produce Annual Accounts for the members at the AGM. Include a Balance Sheet showing reserves and the value of any assets. State if the reserves are for a particular purpose, e.g. a Building Repair Fund. Charities should follow SORP (Statement of Recommended Practice) and company law format. Send funders the appropriate accounts.

FINANCIAL PLANNING

Don't spend money you haven't got or enter into contracts you cannot honour, e.g. signing a 5 year lease without 5 years' rent funding. Again this is important for all groups but larger groups with employees, premises and projects need more sophisticated systems of financial planning.

Start with a budget: how much do you need for each item? Last year's performance can be helpful but remember inflation. Review the budget regularly against real income and expenditure. The budget is a management tool and should be adjusted unless this is against the funder's rules. Adjusting the budget helps the Committee plan to balance an overspend on one item by cutting back on another or fundraising. But be careful not to misuse money given only for specific purposes.

Cashflow forecasting may be important for groups who receive grants in instalments or have seasonal fluctuations in income (winter fundraising) or expenditure (summer playschemes).

Maximise your income by using higher interest accounts.

Keep up with Funding Opportunities by signing up to our weekly funding bulletins -

<http://linkscvs.org.uk/node/173>

Links can provide more information, help and advice. Contact us if you need any further assistance.

Links believes that this information is correct at the time of publication, however details may change.

You are advised to contact Links for the up to date position and seek legal advice where appropriate.

Page 1/1

14/01/2003



The Chesterfield and North East Derbyshire
Council for Voluntary Service and Action Limited
Reg Office: No.1 Rose Hill East, Chesterfield,
S40 1NU,
Tel/Fax 01246 274844
E-mail: linkscvs@btconnect.com
www.linkscvs.org.uk