



# The Treasurer's job

## How to look after your group's money

The aim of this information sheet is to help the treasurer to look after the association's money. It looks at basic rules for handling money day-to-day and keeping records of money which you receive and pay out.

*The following topics are covered in this sheet:*

The treasurer and the committee  
Why keep accounts?  
Basic rules for dealing with money  
Receiving money  
Paying out money  
Writing up the cash book  
End of month procedure  
Reports to the committee  
Report to the AGM  
Independent Examination of Accounts

## The treasurer and the committee

- ★ As treasurer, you have day-to-day responsibility for dealing with money. It is your job to keep accounts and report to the committee.
- ★ The whole committee 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 committee should agree on spending decisions. The committee, not just the treasurer, is responsible for ensuring that proper records are kept.
- ★ Sometimes the committee 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 association does not make the best use of its money.

*The Resource Centre runs sessions for Tenants Associations or other member groups on 'Keeping Accounts'. If you are interested ring the Centre on 606160*

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*The Resource Centre has a small library, with a lot of information on raising money. We also keep a folder of basic information on selected funding sources, **Favourite Funders**, which is available for groups to view at the centre or on our website.*

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## Why keep accounts?

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- ★ Because your association is responsible to all its members for any money which it receives and spends; every member has the right to know how the money has been used.
- ★ To keep track of money (eg. to ensure that you have collected all the subs or to avoid paying a bill twice) and to know how much you have available.
- ★ To help make the best use of your money. Your records will help you work out how much money the association needs next year and then budget accordingly.
- ★ To help with fundraising.
  - If you apply for a grant to the Council or to a charitable trust, they will ask to see accounts as proof that the association is well run and will use the grant properly.
  - If you are trying to decide whether to run a raffle or have a stall at a local fete then past records will show which raises the most money.

## Basic rules for dealing with money

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Each association may deal with its money in a slightly different way depending on circumstances. But there are basic rules for dealing with money which apply to everyone.

- ★ Be methodical Keep clear records at the time of money which you receive or pay out. Do not rely on memory to write it up later.
- ★ Make sure that you have paperwork for any money which you take in or pay out. Keep paperwork in number or date order. This is best done by using treasury tags or a ring-binder. It will make it much easier to look through your records.
- ★ Always record the full amount of cash you receive or pay out. For example, if you take in cash from a jumble sale and then use some of it to buy tea and coffee, you should record both the total takings and the cost of the supplies.

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## Basic rules for dealing with money *cont.*

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- ★ Keep the association's cash separate from your own.
- ★ Do not hold on to large amounts of cash; bank it as soon as possible.
- ★ Check regularly that the cash in your tin equals the balance in your cash book.
- ★ Building society or bank account - make sure that two people are required to sign cheques or withdrawal forms. Many associations put down the treasurer, chair and secretary as signatories to the account - any two of the three sign the cheque.
- ★ Check bank statements carefully.

## Receiving money

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- ★ Issue a receipt whenever you take in cash. It is best to use a small duplicate book with numbered pages. Record the total, the date, the name of the person handing over the cash and where the cash came from (eg subs). Hand over the top copy as the receipt and keep your copy in the book.
- ★ When you receive a cheque, file the paperwork (eg. a covering letter with a grant) and write on it the date on which you received the cheque.

## Paying out money

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- ★ Get invoices or till receipts for all purchases. This rule applies to both cash and cheques.
- ★ When you pay out cash, write out a petty cash voucher. Ask the person receiving the cash to sign for it. Staple the till receipt, firm's bill or bus tickets to the voucher. Give the voucher a number and keep them in number order.
- ★ Paying by cheque: make a note on the cheque stub of the value of the cheque and who it is made out to. Write the number of the cheque on the firm's bill.
- ★ Paying by cheque from a Building Society treasurers or savings account: when you ask the building society account to write you a cheque to pay a bill, write the date of the cheque on the bill.

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## Writing up the cash book

Your book-keeping will depend on the circumstances of your association. There is no single "right" way. It is best to keep things as straightforward as possible.

*Some basic tips for writing up your cash book.*

- ★ Keep separate records of (a) your cash and (b) your bank or building society account.
- ★ Have separate columns in your cash book to record each amount which you receive or spend and also to show how much you have left (the balance). Do this for both the cash account and the bank account. (If you have a building society treasurers or savings account the balance is shown in the pass book) This will help to ensure that you do not spend more money than you have available.
- ★ You may be asked to show how much the association has made from jumble sales, or grants or subs. Or you may need to know the spending on phone calls, stationery or bingo cards. So, each time you take in or pay out money record the amount under a heading of this type. There are no standard headings - use ones which are useful to your association, such as items of expenditure which are covered by your Council grant.

## End of month procedure

*Cash account*

- ★ If you have a lot of entries each month in your cash account, it is best to rule off the page at the end of the month. Add up each column. Check that the balance in your book is the same as the cash in the tin. Carry over the balance to the new month.
- ★ If you have very few entries simply check your balance against the cash in your tin.
- ★ If you cannot get your cash account to tally with the cash in the tin, do not carry over the error to next month. Write "error in cash" and adjust the book so that it tallies with the actual cash.



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## Cheque account

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- ★ When the bank statement arrives, this gives you the opportunity to check that you have written everything correctly in your account book and that the bank has not made any mistakes with your money.
- ★ Tick off each cheque in your book which appears on the bank statement (and any sums which you have paid in). Have you written any cheques which do not yet appear on the statement? Did you make a last minute deposit which is not on the statement? You will need to take these into account.
- ★ NB. Once you are satisfied that you have written up your book correctly, it is your book (not the bank statement) which tells you how much money is available to spend.

## Reports to the committee

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- ★ Your report gives a summary of the information in your cash book so that the committee knows the financial position. The committee should decide how much detail it needs and whether a verbal report is enough.
- ★ You should always be in a position at any meeting to say how much money the group has available. For small groups, this may even be enough. However, to give the committee a more useful picture, it is best to report:
  - money available in cash account and bank or building society
  - amount received and amount spent so far this year
  - expected bills and income over the next month or quarter

## Report to the AGM

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This must be a written report showing:

- ★ Total amount received, with a breakdown of the receipts (ie. how much the association received from grants, subs, bingo and so on).
- ★ Total amount paid out, with a breakdown of the payments (how much the association spent on stamps, stationery, etc, and large one-off payments).

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See the **Resource Centre** sheet *'How much money do we have?'* for an example of how to present a financial report

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## Report to the AGM cont.,

- ★ The amount of money left ("balance of funds") and where the funds are held. You should show how much is in the bank or building society (and give its name) and how much you hold in cash or a float.

## Independent Examination of Accounts

- ★ There is no legal requirement for most small community organisations to have an independent examination of their accounts.
- ★ Many organisations, however, include in their constitution a clause that accounts must be independently examined before they are presented to the AGM.
- ★ Some funders, such as the National Lottery, make it a condition of the grant.
- ★ Many small associations choose to have an independent examination as it:
  - Provides an itemised written account for the treasurer to present to the AGM.
  - Helps reassure a new or unconfident treasurer.
  - Helps sort out any problems with the accounts.
  - Demonstrates to members and to other organisations that the accounts are in order.
- ★ The independent examiner need not be a professional accountant but must be someone from outside the association who is competent to examine accounts, such as a finance worker, bank manager or Council treasurer.

*The Resource Centre can carry out an independent examination of accounts for all Tenant Associations and other member groups. Ring the Centre on 01273 606160 for more information or to find out if your group is eligible for this service.*

