

Simple Financial Procedures Guide for Community Groups

A practical guide for community and voluntary groups

1. Introduction

Good financial management is an important part of running any community group or organisation.

Putting simple financial procedures in place helps ensure that:

- money is managed properly
- decisions are clear and agreed
- roles and responsibilities are understood

Having these procedures written down support's transparency, accountability, and good governance.

2. Roles and Responsibilities

The committee (or board) has overall responsibility for the financial management of the group.

The Treasurer supports this by managing day-to-day financial activity and reporting back to the committee.

All financial decisions should be made in line with agreed procedures, and no one person should have full control over financial activity.

3. Bank Account

The group should have a bank or credit union account in its own name.

There should be at least three authorised signatories on the account, one of whom should be the Treasurer. Two signatories should be required to approve payments or withdrawals.

Financial information, including statements, should be accessible to the committee and reviewed regularly.

4. Managing Income (Money Received)

All money received by the group should be recorded clearly

A simple record (such as a receipts book or spreadsheet) should be maintained, noting:

- the amount received
- the source of the income
- the date received

Receipts should be issued where appropriate.

Money received should be lodged to the bank account as soon as possible and not held in cash for longer than necessary.

5. Making Payments

Payments should be made through the bank account, either electronically or by cheque.

Cash payments should be avoided where possible.

Payments should be supported by appropriate documentation, such as an invoice or receipt.

The committee should agree how and when payments are approved, and ensure this process is followed consistently.

6. Cash Handling and Advances

If money is given in advance for group activities, a clear record should be kept of:

- the amount provided
- who received it
- what it is for

Any remaining funds should be returned and recorded. Supporting receipts should be provided where possible.

7. Financial Records and Reporting

Accurate financial records should be maintained at all times.

The Treasurer should provide regular updates to the committee, which may include:

- an income and expenditure report
- an update on the bank balance
- a reconciliation of the account

At the end of the year, a summary of accounts should be prepared and presented to members at the Annual General Meeting.

Where needed, external support (e.g. a bookkeeper or accountant) may be used.

Financial records should be retained for an appropriate period, typically several years.

8. Budgeting

It is good practice for the committee to agree a simple annual budget.

This helps guide spending and ensures that decisions are made in line with the group's priorities and available resources.

9. Spending and Approval Limits

The group should agree clear limits for approving spending.

For example:

- smaller day-to-day expenses may be approved by the Treasurer
- larger amounts should be approved by the full committee

These limits should be clearly defined and reviewed as needed.

10. Expenses

Committee members may be reimbursed for reasonable expenses incurred while carrying out their role.

Expenses should:

- be agreed in advance where possible
- be supported by receipts
- be recorded clearly

The group should be clear about what types of expenses are covered.

11. Fundraising

Fundraising activities should be agreed in advance by the committee.

Where others are fundraising on behalf of the group, this should also be approved and clearly understood.

All funds raised should be recorded and managed through the group's financial procedures.

12. Loans

Groups should aim to operate within their available resources and avoid taking on loans where possible.

If a loan is being considered:

- the committee should review and approve it
- larger loans should be approved by members at a general meeting

13. Employing Staff (if applicable)

Where a group employs staff, it must comply with relevant legal and tax requirements.

This includes registering as an employer and managing payroll correctly.

Decisions relating to pay and employment should be approved in line with agreed procedures.

14. Contracts and Commitments

Any agreements or contracts with external providers should be approved by the committee.

This helps ensure that commitments made are appropriate and within the group's capacity.

15. Good Practice Summary

Good financial procedures are not about complexity — they are about clarity and consistency.

Groups should aim to ensure:

- more than one person is involved in financial decisions
- records are clear and up to date
- spending is agreed and appropriate
- reporting is regular and transparent