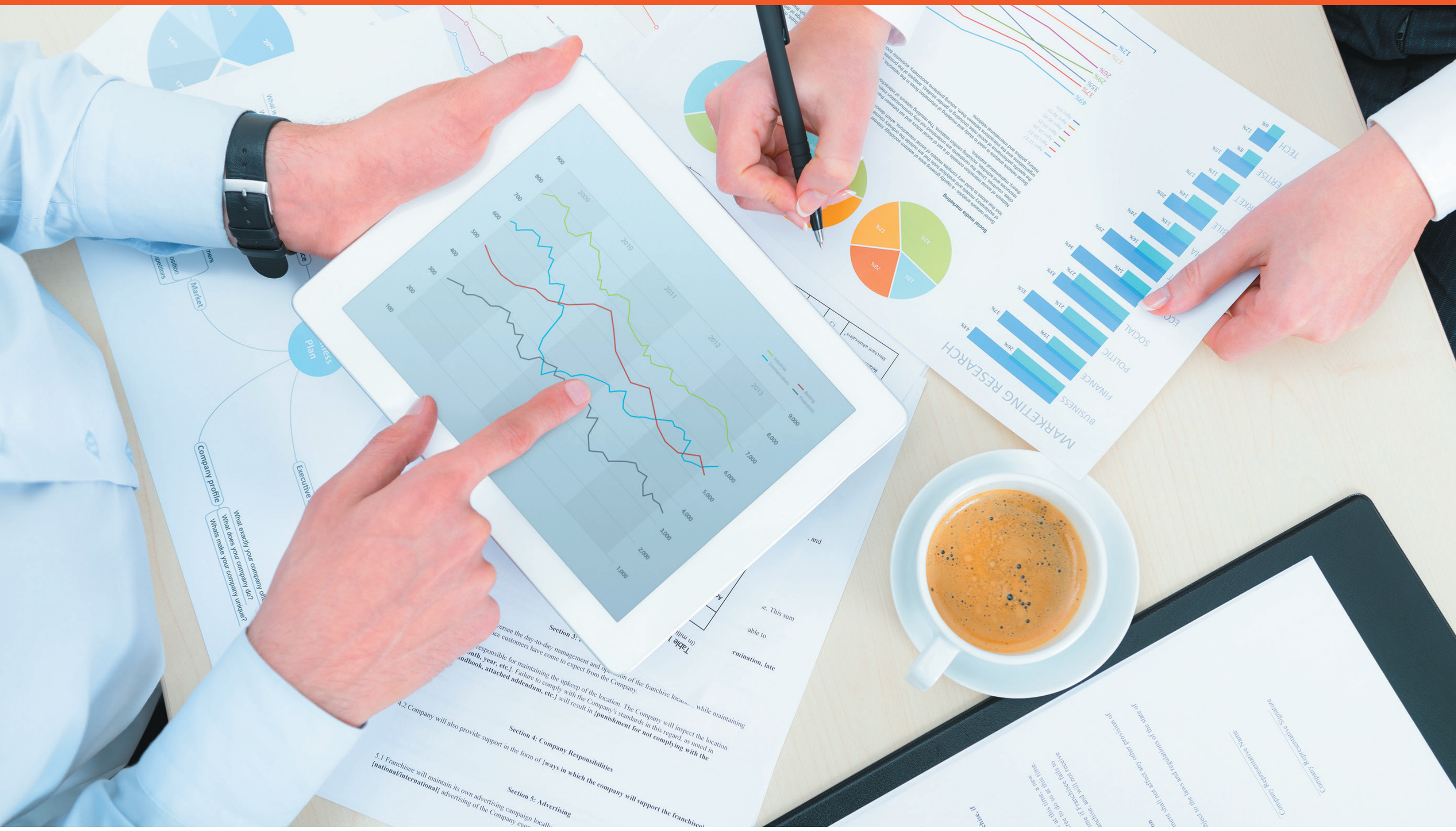


Financial Management for Committees

Accountability

Ensuring your group's finances are healthy and robust will support your strategic mission, vision and objectives. Well planned and informed financial management will assist all committee members to be on the same page, by helping to inform them on spending and investing group finances, and how to go about raising revenue.

While the day-to-day financial management is often delegated to a treasurer, you and your committee are responsible for your organisations overall financial position.

In order for your committee to manage their finances efficiently you need to:

1. Have a strategic plan in place. Queensland Council of Social Services have templates available that may assist you in developing a strategic plan www.qcoss.org.au/sector-building/human-services-quality-framework-resources
2. Identify what resources and assets you have
3. Cost all your expenses
4. Develop an annual budget
5. Administer finances
6. Monitor and report on income and expenditure against your budget monthly and annually

The day-to-day management of the committee's finances will include:

Maintaining financial records

Accurate record keeping will assist the committee to understand what funds are available to them and facilitate good financial management. Bank accounts should be in the name of the committee and have multiple signatories. Whatever system you put in place, you need to ensure anyone could pick it up and use it. This includes ensuring paper and electronic documents are clearly labelled and stored securely. Remember financial documents are required to be stored for a minimum of seven years.

Develop an assets register

An asset register should include all the committee's current assets including: facilities, machinery, motor vehicles, office equipment, furniture, computers, communication systems, tools and any other equipment. The register should provide as much detail as practical about the item. An asset register will assist your committee to plan for future asset purchases. In addition it will assist if you need to claim insurance against theft, fire or damage as you will have that assets serial and model number recorded.

Accounting for all money received

Ensure that any money received is issued with a receipt. The receipt should outline what the funds were for and when they were issued to the group. Bank the funds as soon as possible. Cross check bank statements with receipts received at least monthly. Ensure all financial transactions have the oversight of two or more committee members. For example, if hosting an event where cash is being collected, ensure at least two members of the committee collect and account for the money prior to handing it over to the treasurer.

Accounting for all money spent

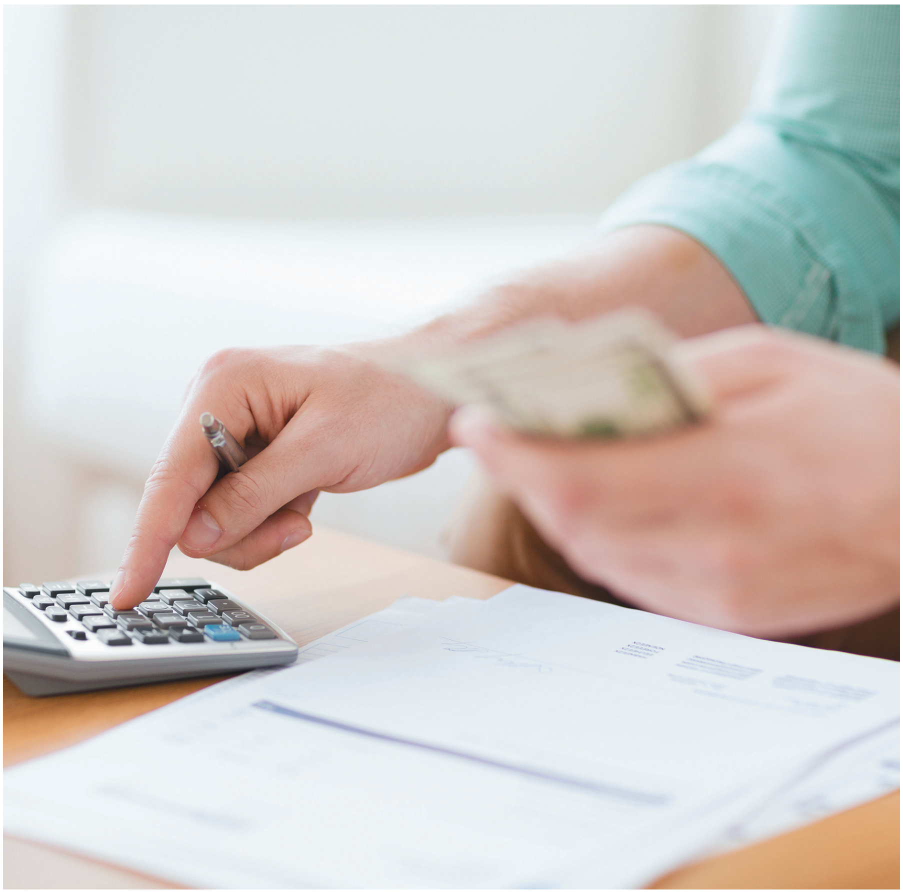
Payments should be made by cheque, card or through online banking, authorised by a minimum of two committee members– not by cash (unless petty cash). Require several quotes for purchases (over a set limit). Check supplier invoices against the purchased items. Keep petty cash in a lockable tin, record all transactions in a petty cash book and ask committee members to keep receipts for all items. Where possible have someone independent look over the petty cash book regularly.

Tools to help you manage your financial records

There is a large range of software programs and methods for you to record the organisations finances. What you use will depend entirely on your situation. For example an organisation with a turnover of over $50,000 per annum and possibly employs a staff member or two, will certainly need to consider investing in some industry specific software, or a generic program such as MYOB (Mind Your Own Business) or QuickBooks. Programs like these will not only help you keep track of all income and expenses, but will also help you keep track on essentials such as filling in BASS statements and recording employee's entitlements.

For an organisation that does not employ staff, you might find a well-designed excel spreadsheet will suffice, and if your turnover is as little as just a few thousand dollars per year, maybe you will only need a basic journal. To help clarify what will work best for you, speak to a chartered accountant.

With any method undertaken to manage your records and report on your group's finances, be sure every committee member has a full understanding of the format and terminology used so they are able to comment and query appropriately.



Financial planning

In order to support financial health and viability as a committee consider the following steps:

Develop a strategic plan

A strategic plan will assist your committee in their financial planning processes. It will help set the scene for what the committee hopes to achieve over the next three to five years. A strategic plan with clear action and revenue raising objectives will help inform your financial planning process and keep your committee's financial position strong and healthy.

Develop an annual budget

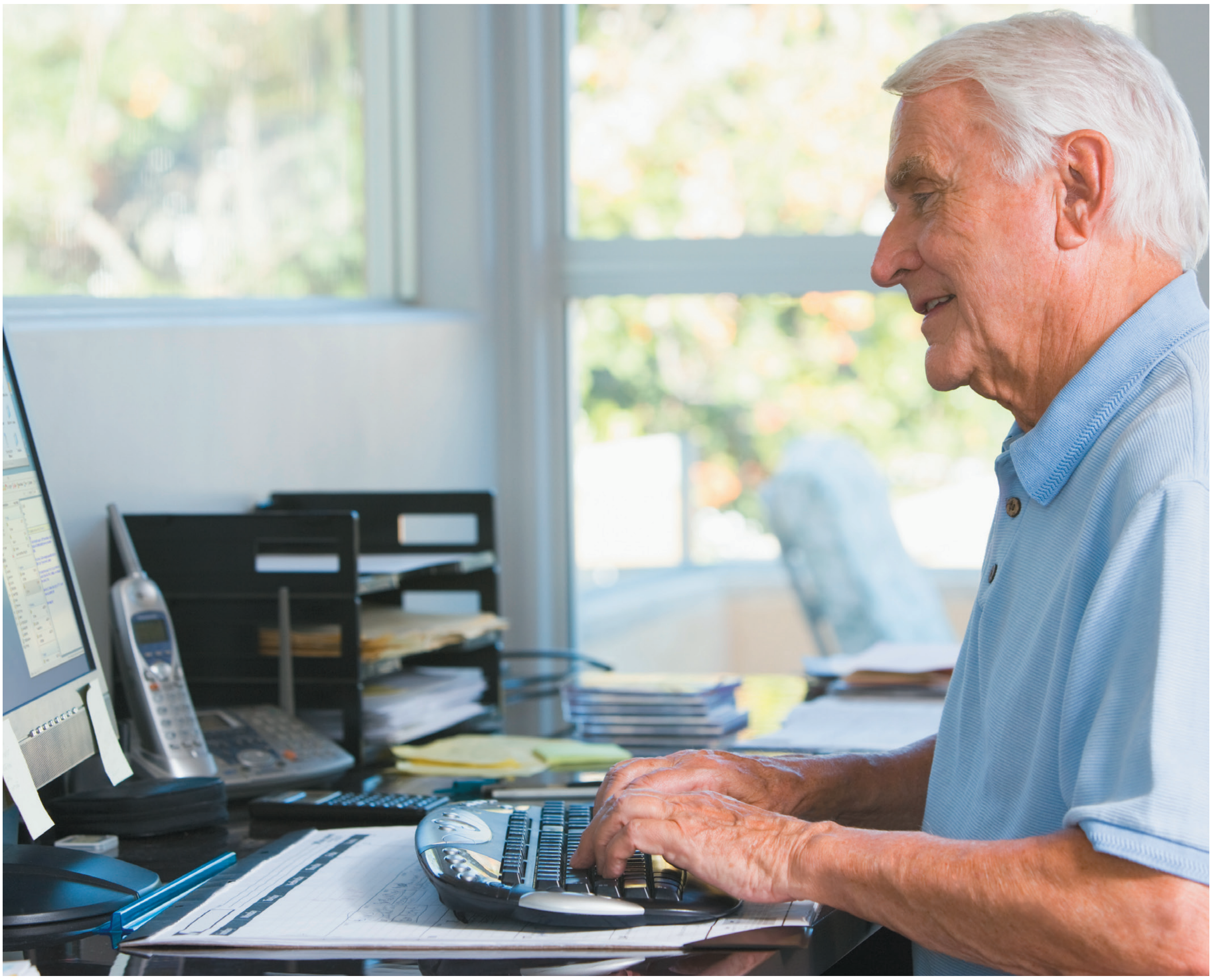
One of the first pieces of business for an incoming committee of management after its annual general meeting (AGM) alongside reviewing (or creating) the organisation's strategic or annual plan is to review the annual budget. The budget needs to clearly outline your group's next 12 months of revenue and expenditure. Ensure that the budget meets your committee's strategic planning vision, mission, objectives and action plan. Build in a regular monitoring cycle at each committee meeting and an annual report and financial statement. Consider listing on the agenda some examples of key questions that should be asked of financial reports, (eg is income/ expenditure under or over budget, are there any terms or figures or formatting that need clarifying).

Develop a revenue-raising plan

A revenue-raising plan will outline how your committee aims to raise the funds to realise your group's vision. You could incorporate the development of this plan into your strategic planning process or delegate to a finance subcommittee. Once you have agreed on how you will go about raising revenue, examples may include hall hire, event fundraisers, membership, grants or sponsorship; utilise our revenue raising factsheet for tips on how to go about raising funds.

Develop a contingency plan

Develop a cash flow forecast, which will outline all your expected income and expenditure month by month. This will assist the committee to anticipate and ensure a contingency plan is in place for any surplus or funding shortfalls.



Support committee members to build their financial literacy skills

Provide opportunities for your committee members to learn more about financial management. There are many great resources online and training available. Your committee may discuss bringing in a trainer or running a session in-house as part of your strategic planning process.

Auspice Agreements

Auspice agreements need to be clearly understood from a financial planning viewpoint.

Auspice agreements are often entered into when a non-incorporated group wishes to apply for funding which is only available to an incorporated group.

In such an agreement, the incorporated association applies for the funding on behalf of the non-incorporated group. If the funding application is successful, the incorporated association will receive the funds on behalf of the non-incorporated group, and therefore becomes responsible for making sure the funded project is completed and that all of the funding can be accounted for (acquitted).

Memorandums of Understanding are often used to support auspice agreements. This is to help to clarify the different roles and responsibilities of the groups entering into the agreement. It is important to be clear about who is going to do what because, by entering into the auspice agreement:

- The incorporated association accepts much of the non-incorporated group's financial and legal responsibilities
- The non-incorporated group can still manage the project, however is answerable to the incorporated association

Before entering into an auspice agreement, incorporated association should consider what impacts (positive or negative) this might have for them, and what safeguards can be put in place to protect their group's interests and the interests of other groups who would be a part of the agreement.

Links/ resources

- Our community
  www.ourcommunity.com.au/financial/financial_article.jsp?articleId=2205
- Community Door
  www.communitydoor.org.au/resources/financial-management
  www.communitydoor.org.au/resources/governance
- ClubHelp
  www.clubhelp.org.au/club-finances