



Central England Quakers

The Religious Society of Friends in Central England

Trustees Finance Committee

Being a Treasurer for Local Meetings and Branches

Handbook

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CENTRAL ENGLAND QUAKERS – TRUSTEES FINANCE COMMITTEE
BEING A TREASURER FOR LOCAL MEETINGS AND BRANCHES - HANDBOOK

1 Introduction

When a new Local Meeting (LM) or Branch (B) Treasurer takes over from another there is usually a thorough “handover” but Trustees Finance Committee is publishing this Handbook to ensure that all new Treasurers are fully briefed, supported and trained. At the end of the document there are various contacts listed who will be willing to give further “one-to-one” advice and support. The key thing to remember is that whatever question you may have, someone will know the answer!

One of the main resources available to Treasurers is called the “*Finance Committee Library*” – a collection of around 20 documents setting out guidelines, policies and procedures. This Library is published on the CEQ website (look for the policy section at the foot of the Home Page), and all of the documents (together with an index) can be downloaded in pdf format. The documents and index are frequently updated as the content changes or develops.

Throughout this guidance any document which is held in the Finance Committee library is identified *in italics*.

This guidance is aimed at CEQ LM & Branch Treasurers, but not all of the guidance will be applicable to Branches, and some of the larger Branches will have their own unique financial procedures and reporting requirements. These Treasurers should refer to internal procedures where these differ from the “generic” guidance.

2 Key duties and Responsibilities

The Treasurer is responsible for the day-to-day management of finances and accounting for their Local Meeting or Branch. The appointed person does not need a formal accounting background, although a working knowledge of Excel entry and a general knowledge of accounting principles are necessary.

The LM/B Treasurer must follow the Area Meeting guidance and be aware of compliance measures.

What are the key duties?

- Making bank payments – online, being a signatory to the LM/B Bank account
- Banking receipts where appropriate (including cash donations)
- Looking after petty cash
- Accurately recording all transactions in a specified format and reconciling the entries
- Maintaining up to date files
- Providing a Year End statement within a timely manner

3 Basic tools

The key tool for any Treasurer is the cashbook – CEQ particularly recommends the Quaker Spreadsheet Cash Book which was specifically developed by Britain Yearly Meeting (BYM) for LM and Area Meeting use. Given a basic knowledge of Excel it is easy to use and does all of the arithmetic for you. Other cashbooks may be suitable (and for Treasurers with limited IT competence a manual

cashbook system is perfectly acceptable). Bespoke financial software accounting packages are not recommended – not only are they not necessary for the average LM/B with a relatively small number of transactions each month, but when you are released from service the incoming Treasurer may not want to use your system and would have to start a new cashbook from scratch.

4 Record Keeping

It is desirable to keep paper records of key documents (statements, invoices etc) but electronic documents and emails relating to your work as a Treasurer must be kept separate from your personal files (partly to facilitate handover to another Treasurer), backed up on an external drive (or cloud), and with effective anti-virus protection. We are increasingly recommending that Treasurers use an LM-specific email address so that Quaker mail can be kept separate from personal mail and easily handed over to another Treasurer.

*The recognised format for LM Treasurer email address is
XXXTreasurer@gmail.com
(XXX is the three letter code for the LM/B, eg BUL, CIG)*

5 Support, Training, and Induction

The most important method of induction is an effective handover from the existing Treasurer (if feasible). We also recommend attending one of the Treasurer training courses at Woodbrooke which are held a couple of times a year. Further, more specific training is available on a “one-to-one” basis from members of the CEQ Central Treasurer team (see Appendix 2), including a personal tutorial on the use of the Quaker Spreadsheet cash book. Treasurers are welcome to attend training courses with external providers (eg Excel or other IT training) and the Area Meeting will fully-fund all training – whether at Woodbrooke or external. Please feel free to discuss your training needs with CEQ LM Support (Claire Bowman)

Some LMs appoint an Assistant Treasurer, to share the load, and some have a local Finance (or Finance and Premises) Committee to support the Treasurer and share financial decisions.

6 LM/B Accounts, and how they relate to the statutory CEQ charity accounts

Overview

Local Meetings and Branches are not charities in their own right, but are constituent parts of The Central England Area Quaker Meeting Charities, working name Central England Quakers, or CEQ. As LM/B Treasurer you are responsible for keeping records of receipts and payments, using a cash book, and reporting to your LM Business Meeting, or Branch Committee, in accordance with local policies.

At the end of each year all LM/B accounts are consolidated into the overall charity accounts, and you will be provided with a “consolidation package” (also known as “proforma”) to complete, with detailed instructions which are revised annually. This process is described below under “Year-End Accounts and Consolidation” (section 12).

At a local level

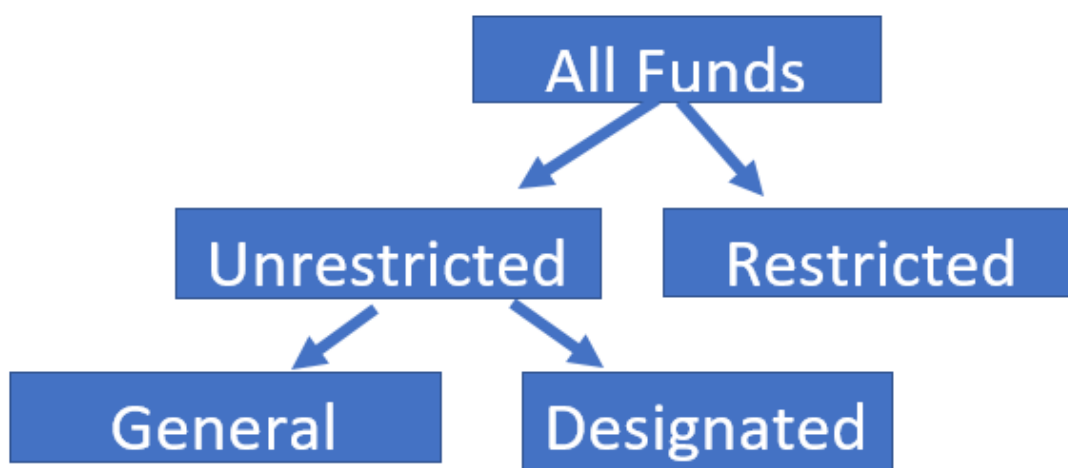
The accounts kept by you during the year will be a record of “receipts and payments” (ie the cash transactions passing through the bank account), and maintained by fund. There are important differences when defining funds, and accurate allocation is necessary.

Definitions of Unrestricted, Designated and Restricted Funds are:-

Unrestricted - funds which can be used for any purpose agreed by the Meeting/Branch

Designated - a fund arbitrarily established for a specific purpose (e.g. a Building or Bursary Fund) but where the funds could be used for other purposes with the agreement of the Local Meeting/Branch.

Restricted - a fund where the donor(s) or testator(s) have unequivocally defined the purpose for which the assets may be used.



Managing restricted funds

Charities may not legally spend restricted funds other than in accordance with the terms of trust set by the donor, it is therefore of crucial importance that accurate Fund management is adhered to.

At the Charity level

The charity accounts are “Accruals Basis Accounts” which record income and expenditure, including any accruals and provisions, and require you to complete a Statement of Financial Activities (SOFA) and a Balance Sheet.

The basic principle of Accruals Accounting is to include moneys that were due to be received or expended during the year under review. Under income this includes such amounts that are due but not yet received, e.g. collections and fundraising events that took place prior to the year-end but money not received until the New Year. Under expenditure this includes such amounts that were

not paid until the New Year for items used in the year, e.g. invoices received after the year end that relate to last few months of previous year.

These terms are fully explained in a document called “*Financial Accounting Principles*”. Don’t worry if you find these principles difficult to understand – if you are able to maintain a tidy set of Receipts and Payments accounts during the year there is plenty of help available at the end of the year (eg your Examiner or a member of the Finance Committee team) to help you prepare the accounts for consolidation.

7 The role of the Examiner

At the end of each year you will be required to have your accounts examined by a local Examiner, appointed by the LM/B. You will be expected to provide supporting documentation (such as bank statements, investment statements, invoices, cheque books, paying in books etc). The Examiner will be asked to sign a declaration, and will have an opportunity to record any points raised with you.

The Examiner is also required to check and “sign off” the SOFA and Balance Sheet prepared for consolidation, and to approve any “narrative report” which the Treasurer has prepared for the LM/B. The Examiner’s role is not confined to a one off inspection at the year end, but they should be willing to provide support and guidance at other times of the year, although to maintain their independence they are not encouraged to be involved in any decision making process.

8 Governance and Compliance

The Charity (CEQ) Trustees have legal responsibility for the charity’s financial affairs, practices and procedures, and this responsibility is delegated to LMs by means of a Memorandum of Understanding (MoU) which is signed by the LM and reviewed every couple of years. The MoU covers finance, property, employment (where applicable), record keeping, health & safety, data protection/GDPR, safeguarding. The financial section of the MoU is attached as Appendix 1.

Some of the key points are as follows:-

- The LM/B must keep a record of all bank accounts held by the LM/B, together with the signatories (as recorded on the bank mandate) and online “users” – these are Friends authorised to access the bank account(s) online, and may not be the same as the signatories. These signatories and users must be approved by the LM/B, with a Minute of authority agreed at a business meeting.
- All cheques must be signed by two signatories, unless dispensation has been given to the LM/B for cheques up to an agreed limit to be single signatory. ALL online payments must be dual-authorised (ie one user sets up the payment and another user authorises it).
- All significant expenditure must be authorised in advance with a supporting Minute agreed at a business meeting. Note that in order to comply with audit requirements the following payments (whether “significant” or not) must be approved by the LM/B with a supporting Minute:-
 - Payments to Overseas beneficiaries
 - Donations to (non CEQ) Quaker bodies
 - Donations to BYM
 - Donations/Grants to non-Quaker charitable bodies

- Donations/Grants to non-charitable beneficiaries

It is important to ensure that all donations made by the LM are consistent with our charitable purposes as defined in the Governing Document. Detailed guidance is set out in a document titled *correct application of charitable funds*.

- Each LM must have a Reserves Policy which is approved by the business meeting and regularly reviewed. Guidance on how to prepare a reserves policy is given in a document titled *Guidelines on Reserves Policies (for LMs and Branches)*. It is the responsibility of the LM/B Treasurer to manage cashflow throughout the year to ensure the reserves policy is maintained

In addition to the requirements of the MoU, robust procedures must be in place for collecting and handling cash. See *guidelines for handling cash collections*.

LM/Bs must inform Finance Committee promptly, through LM Support, of any changes of Treasurer, bank accounts or signatories.

9 Security and data protection

With regard to cyber fraud, the Treasurer is the first line of defence!

You need to be especially vigilant, and although the precautions to be taken are no different to those that you would take to protect your own money, you are responsible for safeguarding the charity's money. Dual authorisation of all online payments is a key defence, but those **users** involved in processing a given transaction must liaise very carefully to ensure that payments awaiting authorisation are genuine.

10 GDPR

Treasurers must respect the privacy of donors and comply with GDPR requirements. See *Guidelines for Treasurers re GDPR*.

11 Employment and payments for services

If your LM/B has an employee (and note that staff are employed by the area meeting and not by the LM/B), you will need to liaise with the employee's line manager and with the CEQ Finance Administrator, Wendy Wolfendale, regarding payroll transactions.

Essentially Employee salary payments (net of NI, PAYE and pension deductions) are paid centrally from an account managed by Trustees. The LM/B Treasurer is required to transfer the gross salary cost, monthly, to the Trustees Salaries Account, in a timely manner, as requested by the Finance Administrator. All matters relating to the payroll aspects of any employee will be handled centrally, so there is no need for any specific Payroll expertise at the LM/B level. There are a wide range of Employment Policies which are published on the CEQ website (see policy section at the foot of the Home Page).

The distinctions between employees, self-employed workers, and Friends (or other people) undertaking odd jobs for casual payment are complex, but LM/Bs must be aware of the legal issues,

and ensure compliance with HMRC regulations. Please refer to *Guidance for LMs re payments for services* for details.

12 Year-end Accounts and Consolidation

Statement of Financial Activities (SOFA)

The layout of the SOFA is set out in the Charity Commission's Statement of Recommended Practice (SORP). CEQ has developed a generic model that must be completed in accordance with instructions in the "Annual Financial Reporting and Consolidation Summary Guidance Notes" and should not be deviated from.

Balance Sheet

Here again the layout is prescribed.

Transfers and Acting as Agent

The importance of accurate record keeping is never more important than in the area of Transfers and Acting as Agent. It is highly recommended that the LM/B Treasurer maintains an ongoing log, in the form of a spreadsheet, to record these incoming and outgoing transactions throughout the year.

Transfers:

An intra-CEQ Transfer occurs when money passes between Local Meetings, Branches or Central Funds. For the LM/B this is an external payment or receipt, but in fact the money has only moved within the charity, and has not entered or left the charity.

When we consolidate the CEQ accounts we have to remove all such Transfers to avoid double-counting income and expenditure. So, we ask Treasurers to account for transfers separately on the pro-forma and to not include them as either their income or their expenditure.

Acting as Agent:

This is a term we use for money that has been collected for a particular purpose by an LM/B and passed directly to the beneficiary.

The LM/B is simply "Acting as an Agent", and such collections (often referred to as "special collections") must be excluded from the LM/B's own income/expenditure figures, and (if passed to another CEQ LM or Branch) treated by the beneficiary as "external income".

If the LM/B arranges a special collection but "tops it up" from its own funds you must account for the two elements differently. The money collected is "Acting as Agent" (excluded from your local accounts) but the "top up" is expenditure (include in your accounts). If the donation goes to another LM or Branch both you and the receiving LM/Branch must treat the "top up" as a transfer.

When sending a gift to another LM or Branch you must let them know if the gift is from your funds or from a special collection, or a combination of the two, so they are able to record the incoming monies in the correct way as well.

13 Gift Aid

Gift Aid is a scheme that allows charities to reclaim tax on donations from UK taxpayers, claiming 25% of the value of eligible charitable donations.

If your LM is already making gift aid claims the existing Treasurer will be able to explain the process and hand over any HMRC/Government Gateway access details you need to be able to log in and claim online.

You may need to notify HMRC of a change in primary contact (form available online). Further guidance about gift aid and how to register for gift aid (and what types of donation are or are not eligible for gift aid) is given in *Gift Aid Guidelines*.

Gift Aid can only be claimed if:

- The charity holds a valid Gift Aid Declaration (GAD) from the donor.
- Money passes from the donor to the charity.
- The donor receives no benefit, or only benefit within the limits of the HMRC donor benefit rules (the same applies to connected persons*).
- The donor pays sufficient UK income tax or capital gains tax in that tax year.

**Connected persons are the donor's children, grandchildren, parents, grandparents, siblings, any of their spouses and the donor's spouse*

In the cases of LM/Bs that are not currently claiming Gift Aid at a local level, it is possible to route eligible donations (and claim gift aid) via the *Contributions Schedule (see section 14)*.

14 Contribution Schedule

The Area Meeting Contribution Schedule is a scheme which collects donations from individual donors and passes the money on to named beneficiaries. Donors make ad hoc or standing order payments into the Schedule bank account and complete a donation card annually instructing the Schedule Treasurer how to allocate their gift to a range of beneficiaries, which include the Local Meeting, Area Meeting and BYM. The Schedule Treasurer claims Gift Aid where applicable, and distributes the gross amounts to the beneficiaries. Distributions are made twice a year, in July and December.

In general it is more convenient for LM members and attenders to send donations to their Local Meeting directly, but if your LM does not handle Gift Aid, donors wishing to Gift Aid their contribution to the LM can give it through the Schedule, to enable the gift aid to be recovered through the scheme.

Note that the bi-annual distribution from the Contribution Schedule to LM/Bs, is a form of "Acting as Agent". The LM/Bs should record any donations from the Schedule as external income; ie as if the donation had come directly from the donor, and not as an intra-CEQ transfer.

15 Funding for Friends and Attenders, bursaries

Friends attending courses or events involving a fee can apply for bursary support from their LM and/or Area Meeting. Training for Quaker roles is always fully-funded. Full details of the procedures are given in *Funding for Friends and Attenders*.

16 Building Fund Grants and Loans

LMs contemplating major repairs or improvements to their Meeting Houses may be able to apply to the CEQ Building Fund for a grant or interest-free loan (or both). Details on how to apply are given in *Criteria for Building Fund Grants and Loans*. The Treasurer will be mindful of cashflow and reserves policies and be expected to advise the LM/B on capital project funding.

17 Applications for opening bank accounts or purchasing investments, and signing contracts

Please note that Local Meetings and Branches do not have authority to sign contracts, and these must be signed by a CEQ Trustee. Each LM/B has a “Link Trustee” – a Trustee assigned to the LM/B to provide oversight and support – and this Friend may be the obvious choice. Similarly, all applications to open, change or close bank accounts must be approved and signed off by a Trustee, and often a Trustee will be required to sign a declaration. See *Authorising changes to bank accounts*.

From time to time LM/Bs receive communications from their bank requesting information for an “account review” or similar “compliance audit”. Please refer all such enquiries to the Treasurer to Trustees (James Bradbury) who can provide any generic information that may be requested (such as a list of CEQ Trustees, or Charity Constitution or Deed) and ensure that all such enquiries are answered consistently. The Treasurer to Trustees can also help with the completion of application forms which require charity particulars and can arrange for any Minutes of Authority from Trustees to be provided.

18 Investments

LMs and Branches are permitted to hold investments under their own name, subject to certain criteria set out in the CEQ *Investment Policy*. This document also contains the CEQ ethical investment policy, which LM/Bs need to follow.

If the LM/B chooses to manage its own investments (following the criteria set out in the policy) decisions to buy and sell shares should not be made by any one individual (however competent) but shared with a nominated colleague or committee. Significant changes to portfolios should be approved and Minuted at a business meeting.

The Treasurer should maintain records of investment valuations, purchases, sales and dividends, and should include investment performance information in financial reports given to the local business meeting

LM/Bs need to be equally concerned about ethical banking, which should be as important to Friends as ethical investment. Some guidance on ethical banking is available (*Advice to Friends on ethical banking*) but the intention is for Finance Committee to revise and expand this guidance in 2021. Treasurers should raise awareness of ethical banking within their Meeting or Branch and be prepared to recommend switching accounts where this would be desirable.

19 Help and Support

The following members of the Central Treasurer Team will be willing to provide help and support on specific topics:-

General enquiries, training & induction	Claire Bowman
Financial principles of accounting/bookkeeping	James Bradbury
Quaker Spreadsheet Cashbook	James Bradbury
Trouble-shooting (accounts issues)	James Bradbury or Wendy Wolfendale
Application forms, Trustee declarations, generic charity information	James Bradbury
Funding for Friends & Attenders	Ted Raybould
Consolidation – general queries	James Bradbury or Wendy Wolfendale
Consolidation - proformas & schedules	Wendy Wolfendale
Contribution Schedule	Gillian Bryan
Investments	John Kimberley
Building Fund Grants & Loans	James Bradbury
Payroll	Wendy Wolfendale

Key Email Contacts

Claire Bowman: claire.s.bowman@gmail.com
James Bradbury: james.bradbury42@gmail.com
Wendy Wolfendale: wendy@foxwood.biz
Ted Raybould: e.raybould@blueyonder.co.uk
Gillian Bryan: gilltcs5@gmail.com
John Kimberley: john_kimberley@hotmail.co.uk

Appendix 1

Memorandum of Understanding between LMs and CEQ Trustees - extract

2 *Financial Stewardship*

The LM/B undertakes:

- 2.1 Setting out, and agreeing with trustees' finance committee, the bank accounts that may be required. Note that:
 - a All money received must be banked in the accounts as soon as possible;
 - b There should be three or four signatories to the accounts, with any two of the signatories authorised to sign cheques (the persons signing a cheque should be recorded on the voucher authorising the payment). For LM/Bs with on-line banking accounts, the LM/B must specify (and record by minute) those persons authorised to access and view the account, and those responsible for setting up and authorising payments by direct transfer;
 - c Dispensation may be given for cheques below a defined limit to be signed by a single signatory, subject to approval by trustees' finance committee of the limit and associated procedures. However all payments made through online banking must be dual authorised;
 - d No financial commitments should be entered into unless funds are available;
 - e All significant expenditure must be authorised in advance by a minute of the LM/B in session. The LM/B should consult with their Link Trustee if they are unsure if their planned expenditure is "significant";
 - f Restricted funds must be used solely for the intended purpose, and kept separate from other LM/B funds, though they do not necessarily need to be held in separate bank accounts. The LM/B may set up one or more designated funds, if it so wishes, with powers to lay these funds down when appropriate.
- 2.2 Developing and implementing a reserves policy for the LM/B, to ensure that financial reserves are kept at an appropriate level. Guidelines on local reserves policies are published by Finance Committee. The policy should be approved at a local Business Meeting, with the decision recorded in a Minute. The LM/B should agree a routine for reviewing the policy from time to time (noting that ad-hoc reviews may be prompted by an event or change in circumstances). A copy of the policy (and any subsequent revisions) should be given to the Link Trustee.
- 2.3 Informing the Link Trustee and PLF of any insurance claims, made against or on behalf of the LM/B, should there be any damage or loss which justifies a claim (note that there may be an excess applying to the policy).
- 2.4 A schedule for financial contributions to the Society for the Local Meeting, area meeting and BYM should be sent annually to members and attenders, as agreed appropriate by overseers.
- 2.5 Sending at least one representative, preferably the treasurer and examiner, to the CEQ Treasurers and Examiners Annual Briefing and passing on information to the LM/B, ensuring that Friends act in accordance with agreed policies and procedures contained in the CEQ Finance Library.

Appendix 2

Central England Quakers

Central Treasurer team (November 2020)

