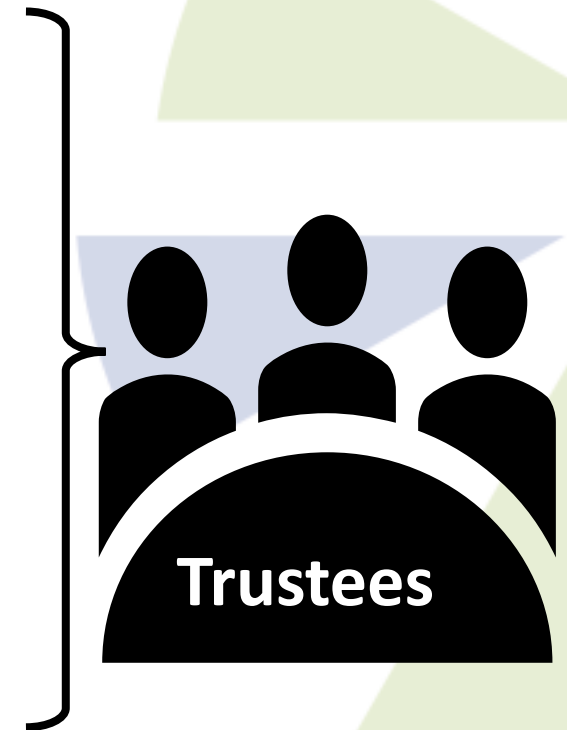




Trustees: How to get your treasurer to love you

Trustees are defined in the Charities Act as those individuals with the care, control and management of the charity

- PCC = Trustees
- All trustee duties are **shared**
 - E.g. preparing accounts – not just the treasurer
- Trustees cannot delegate their legal accountability
 - Can take advice and delegate responsibilities, including within the trustee body (PCC)
 - Must exercise appropriate due diligence



The legal duties of charity trustees regarding keeping accounts are set out in the Charities Act 2011 (for England and Wales)

- Keep accounting records (s130-131)
- Prepare annual statements of accounts (s132-134)
- Arrange independent scrutiny of the accounts (s144-145)

Dedicated resources on governance are available and make recommended reading for any charity trustee

The Charity Commission has published ‘5-minute guides’ on:

- Delivering charitable purposes
- **Managing finances**
- Conflicts of interest
- Making decisions
- Reporting information
- Safeguarding
- Political campaigning



In this section we look at the duties of trustees as set out by the Charity Commission, and how these are carried out

- Duties of trustees as set out in guidance CC3:
 - Ensure their own eligibility as trustees (see previous section)
 - Ensure the charity carries out its purposes for the public benefit
 - Comply with the charity's governing document and the law
 - Act in the charity's best interests
 - **Manage the charity's resources responsibly**
 - Act with reasonable care and skill
 - **Ensure the charity is accountable**

Manage the charity's resources responsibly (a.k.a. duty of prudence)

- Trustees are accountable for the overall **finances**
 - Ensuring good financial health
 - Receiving reports
 - Financial processes, controls and policies
 - Planning, decision-making and control (including **budgeting**)

The trustees should ensure robust finance processes are in place – and **actually followed** in practice

- Cash handling
- Banking – including signing rules
- Petty cash
- Methods for issuing and receiving payments – avoid cash?
- Controls and authorisation of spending
- Fundraising / income generation
- Oversight and reporting
- Security and fraud prevention

Finance policies all charities should consider:

- Reserves – required by the Charity Commission, trustees must judge an appropriate level of reserves to maintain
- Investment / asset management – if applicable
- Staff remuneration – consistency, transparency
- Honoraria and gifts (e.g. for visiting speakers)

Budgeting is a crucial tool for decision-making, control of expenditure and reporting – every charity ought to consider it

- Focuses on key objectives / mission
- Acknowledges shared responsibility
- Mechanism for allocating resources and spending controls
- Helps to avoid surprises
- Supports cash flow management
- Facilitates reporting – budget vs. actual
- Decide how to manage deviations

Charities are required to undertake the following year-end routines, which are the shared responsibility of **all** the trustees

- Preparing the **Trustees' Annual Report (TAR)** and **Accounts**
 - TAR recommended but not mandatory for excepted charities
- Arranging **Independent Examination** or **Audit**
- Submitting **Annual Return** to the Charity Commission
 - Excepted charities do not submit an Annual Return

The TAR is a formal report to the general public about the work of the church

- The TAR represents an opportunity to **inform** and **celebrate**
 - The TAR should set out a church's vision, including future plans
 - The TAR should demonstrate public benefit
- The TAR should be informative and readable
 - Receipts and Payments – see the 2008 Regulations
 - Accruals – must disclose all details required by the SORP
 - Larger charities (income > **£500k p.a.**) have further requirements
 - Consider using images and figures
 - Can include appendix with reports from church activities

Follow ACAT on social media, and join us at our conference next month in Cambridge



The Association of Church Accountants and Treasurers



@ACATtweets

Conference: www.acat.uk.com/acat-conference



19th October, Eden Baptist Church, Cambridge, CB1 1ER, 10:00-16:00, £20