HELPSHEET 1

What’s involved in being a treasurer of a not-for-profit group

What makes people become treasurers of community organisations? Some gravitate to the role because they’re good with numbers, others just want to ‘put something back’.

The treasurer is usually appointed at the annual meeting and tasked with keeping the finances healthy so the organisation can achieve its mission.

Victorian psychologist Dr John Gora says that if a group finds someone who has the ability for critical appraisal, can contribute to strategic planning and be creative about generating funds, ‘then they have probably found the perfect treasurer’.

Anyone taking on the role of treasurer in a not-for-profit organisation must have – or needs to learn – a basic understanding of accounting and a working knowledge of the laws governing the organisation’s operation. This may sound daunting, but most accounting is commonsense once you understand the basics – it is about money coming in, and money going out.

Some people on the board may not have well developed financial skills and you need to be able to explain your reports simply and clearly. Remember that financial terms like accrual and cash accounting mean nothing to some people, so explain the financial jargon.

Being treasurer of a community organisation is a great honour, and a great responsibility. An active and alert treasurer can ensure their community group is able to extend its activities, resulting in greater benefits to the wider community. It’s a big job – while you may be able to delegate some duties to staff and volunteers, you can’t delegate the responsibility.

The main duties of a treasurer are to oversee the financial administration of the organisation, review procedures and financial reporting, advise the board on financial strategy, and advise on fund-raising.

Let’s look at what the treasurer needs to do in each of these areas:

Financial administration

- Keep up-to-date records as well as an audit trail for all transactions (consider setting up an audit committee and appointing an external auditor)
- Protect the organisation against fraud and theft, ensuring safe custody of money, and prompt banking
- Make sure the board understands its financial obligations
- Make sure the organisation complies with tax regulations, such as GST, payroll tax and fringe benefits tax
- Review all internal processes and reporting methods at least annually

Small not-for-profit organisations don’t employ staff, so the treasurer has to do the banking, depositing cash and cheques, paying the bills and tracking income and expenditure throughout the year. You need to be on top of your finances so the organisation knows how well it is tracking against the budget and how to respond if unexpected problems arise.

In larger organisations, professional staff manage the daily transactions and record-keeping and the treasurer maintains a watching brief on the monthly accounts. Often the treasurer can share this responsibility with a finance committee which can provide a link between staff and board.

If you’re a medium-sized organisation, and either doing the books yourself or employing someone part-time, consider using an accountant once a month or every quarter to check your work. This will give you the security of knowing your procedures are working.

Whether you are using an Excel spreadsheet, software such as MYOB or Quicken or a simple paper-based book system, you will need to keep track of the money. You will need to compare actual financial performance against predicted financial performance so the board understands the state of its finances. This analysis gives the board the ability to make informed decisions about future income or expenditure.

You may have to lodge returns with authorities such as the Australian Securities and Investments Commission (ASIC), Office of Fair Trading and the Australian Tax Office (ATO). Find out what returns you have to lodge and the dates they are due.

Review procedures and financial reporting

You will need policies and procedures to protect the organisation and its people. These will include:

You've been elected treasurer - Now what?

Here is a checklist of all the things you need to do as soon as you get the job:

- Check details of all bank accounts and all signatories.
- Swap signatories straight away. Get the forms from the bank and take them to the annual meeting.
- Check details of credit card or spending authorisations and organise for the return of outstanding chequebooks or cards.
- Check who has the financial files and get all documents and budget information, including special events budgets and details of purchases.
- Make sure you have a master copy of your financial procedures manual.
- Organise for a detailed briefing from the outgoing treasurer detailing any spending commitments or incomings not included in budget papers.
- Prepare a timeline of upcoming payments and dates when bills (insurance/rent/car) are due.
- Once you have done your first budget statement, see if you can check with the outgoing treasurer that nothing is missing.

1. Controls on expenditure, such as who can authorise spending, upper limits before board approval is needed, and who can sign cheques.
2. Controls on income generation, including appropriate and inappropriate ways of raising money.
3. Systems for ensuring cash and chequebooks are kept securely.

You need to track:

- How much your organisation owns.
- How much money you can easily access.
- Your main sources of income.
- What you are spending money on.
- How much you owe.

You also need to be aware of any risks that may arise.

Advising the board on financial strategy

There is more to managing the finances than just good bookkeeping. You need to prepare reports for members, management and sponsors outlining the current financial situation, looking at possibilities for the future and drawing people's attention to tax implications, and potential risks or opportunities.

Financial accountability includes planning and budgeting. The budget will fall out of the strategic plan, so ideally a treasurer would work with the board to develop strategy and help set goals.

On the basis of the treasurer's reports, the board may have to modify the budget. Unfortunately, a blow-out in expenses is more common than an unexpected expansion in income.

If you have made an unexpected profit, you may wish to put it aside as a reserve to protect yourself against potential cash-flow problems or use the money to strengthen your current operations or programs.

Advising on fund-raising

As treasurer you may be asked to prepare funding proposals for one-off grants, grants for special projects and sponsorship.

The treasurer's duties will vary according to the organisation's size and culture, but financial management is a team responsibility. The treasurer, the chair, other members of the governing body and staff must work together to develop a budget, and monitor and evaluate financial progress.

Many organisations appoint finance committees, or sub-committees, to help the treasurer. The advantage of having a finance committee is that a group of interested and financially knowledgeable people can share the load. Another advantage is that you can co-opt experts on to the finance committee and so bring new people into your organisation. Don't spread the team too thin - people may not feel the same sense of commitment or responsibility.

Some boards also appoint an audit committee whose role is to liaise with external auditors, ensure the control systems are adequate, and examine any financial irregularities (if there's no audit committee, these duties fall on the treasurer).