

Self-Assessment Toolkit – Voluntary, Community or Social Enterprises

Does my organisation have the best possible Financial Management system in place?

This toolkit is designed to allow your organisation to quickly assess what financial systems are in place and what process would benefit from change or implementation.

Please tick one answer A – C for each of the following options:

1. Finances are overseen in our organisation

- A – Book keeping is done by someone for our organisation though I am not sure who.
- B – We have a finance department and a Treasurer. Accounts are monthly added to a trial balance; income or loss is reported back to our team. Our accounts are reported in annual returns and the team are welcome to ask questions when needed.
- C – Our Treasurer is responsible for overseeing the account finances. Our records are periodically updated and an annual report is submitted to HMRC every year, as well as any other relevant governing bodies. The Treasurer will analyse the accounts by looking at the predicted forecast, then take action to ensure funds are sufficient to keep the project running to specification and not making any profit. This may involve implementation of fundraising where there is a negative outcome, or using unrestricted funds where there is too much to keep as reserve for further support into an existing or new project within the organisation purpose.

2. Budgeting

- A – When projecting the costs of a project we consider costs of resources and overheads, then put these into the budget.
- B – To predict the cost of a project we consider the cost of all resources then add a 1-2% management fee per managerial colleague to ensure everything is covered in the budget.
- C – Budgeting for our projects takes place based on a quote basis. We take into account every required expense and work out the exact cost. This figure is placed into the budget.

3. Financial controls

- A – Someone is responsible for controlling finances within our organisation though I am not sure who.
- B – The financial aspects within our organisation are delegated in roles by the Treasurer.
- C – Roles for costing and authorising financial exchanges are assigned within our organisation. Everyone knows who these people are and their responsibilities.

4. Reporting finances

- A – We are a small charity and do not need to submit our finances. We keep receipts but don't check our financial records.
- B – Our organisation keeps full financial records and report to the relevant authorities. The only problem we have is that our records take a long time to check for accuracy and so annual returns are not always submitted on time. This can cause a large fine that increases for each excessive month passed.
- C – Our organisation team all know what type of structure we have and to which authorities we need to report accounts. The annual return is a lengthy process and so records are updated month by month to ensure everything is ready to report in time for every deadline.

5. Reserves

- A – Our group barely have enough income to keep the project going. Therefore, nothing is put away in reserves.
- B – Our policy is to have three months' expenditure kept in reserve. These funds are kept in financial records on site.
- C – Our charity holds reserves; we follow the guidance of the Charity Commission for our reserve policy.

Now add together the total answers given for each letter you have chosen per option and read the following applicable information.

A – If your answers given are mostly A, this indicates there is room for improvement. Setting up a sound financial management system requires a lot of hard work. The Treasurer if acting alone can find the process a huge task both in time to report and research any changes in legislation. To access further support, please contact Voluntary Action Rotherham on email triage@varotherham.org.uk .

B – Answers given mostly as B indicate a good procedure with some room for improvement. Clearly you understand financial management is very important, however may lack some time or resources to really get to grips with the finer details. To access further support, please contact Voluntary Action Rotherham on email triage@varotherham.org.uk .

C – Where answers given are mostly C this indicates that your organisation appears to have an excellent process in place that is working. When everyone knows who plays what part and not only schedules but exact costs are both transparent and effective to the project needs you are in a strong position. To further strengthen foundations has your organisation thought about what happens if the current Treasurer leaves or if a major fund you rely upon is withdrawn? If you would like to discuss this further please contact Voluntary Action Rotherham on email triage@varotherham.org.uk .

Further reading you may also find interesting can be found with the Charity Commission. The web link is <https://www.gov.uk/government/organisations/charity-commission> .

We offer a range of financial services, advice and information to support voluntary groups, charities, social enterprises and companies to meet their members, funders and regulatory requirements. We will provide clear advice and guidance to help manage your finances effectively and hold professional indemnity insurance and are compliant with money laundering legislation.

To find out more please visit the website: <https://www.varotherham.org.uk/community-accountancy/>

