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How to Keep Your Financial Records

It is important to keep good financial records.

You should make sure your records are kept simply, that they are consistent (the same) and that they are kept up to date.

All income and expenditure (money coming in and going out) needs to be recorded.

You can record it in a **Cash Receipts Register** or a **Cash Payments Register**.

The entries show the date that the money was received or paid, where the money came from or went to, and what it was for.

You can record it on a spreadsheet, or in a cash book. (You can buy cash books from any stationery store)

Each register has columns for regular income or expenditure (payments which are regularly made or received).

They might include payments or income like memberships, donations, room hire.

You can also write in a 'sundries' column for anything not covered by a heading.

Writing a receipt for a payment

When you receive money, you should write a receipt straight away.

The receipt should have the following details on it –

- Date
- Who paid the money
- Amount (in words)
- What the payment was for (eg donation)
- Amount in dollars
- Signature (not initials) of the person who received the money

If the receipt is damaged or if you write something that was wrong, write a new one.

Do not throw away the cancelled receipt.

If you make a mistake that is not a big mistake, you can change it and initial the part where you made the error.

The original receipt is given to the person who gave you the money.

You write a receipt even if the person doesn't want one. Keep it in the receipt book.



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Recording the Receipt

You should write the details of the receipt in the Cash Receipts Register.

Use these column headings:

- Date
- Received from (name of person who paid)
- Receipt number
- Amount received
- Amount in dollars
- Signature

Make sure you write the amount you received in the right column.

If you received money for more than one thing – for example, if a person made a payment for a subscription and a donation – you need to split the payment into the right columns (for example, \$20 received being \$10 for subscriptions and \$10 for donations).

If you cancel a receipt, make sure you record it in the book by writing 'cancelled' in the 'received from' column and a dash (-) in the 'amount received' column.

Keep the original and copy in the receipt book.

Put all money in the bank as soon as possible. Don't use the money to pay for things – use a cheque or petty cash instead.



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If you receive a large amount of money from someone who has collected money from a lot of people (for example, from a group dinner), you will need a list of who has paid. You can give one receipt for the whole amount, unless individuals want a separate receipt.

When you receive a cheque, stamp 'not negotiable' on it (or write it on the cheque) and take it to the bank as soon as you can.

If you use a bank deposit book, you will have another record of cheques and cash that have gone in the bank.

All the cheques that are made out to (written for) the group should be in the full group name.

Payments by cheque or petty cash

Payments need to be made by using a clear procedure that is agreed to by all the members of the committee.

This is so that the group and the Treasurer are both protected (so that the money isn't spent wrongly and that there is no possibility of theft)

The bank will ask for a form to be filled out with 'signatories' to the account.



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Signatories

A signatory is someone from the Committee (usually an executive member, the President, Secretary, Treasurer etc) who is allowed to sign a cheque.

The signatory will need to go to the bank with their identity papers and fill out the form so that they are authorised (allowed) to sign cheques.

You should have three or four signatories in case someone isn't available to sign a cheque. Two signatories are needed to sign a cheque.

All payments should be paid by cheque with smaller amounts paid by Petty Cash.

Make sure the invoice/statement is correct.

You can attach a 'payment voucher' so that the committee can sign it, or organise a stamp with a space for the initials of the committee members who have said that it is okay for the payment to be made.

The invoice/statement should be filed with the most recent payment on top.

You should tell the committee which accounts have to be paid at every committee meeting.

If there are a lot of payments to be made, you can table (give the committee) an 'Accounts to be Paid' list.



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Cheques

Never sign a blank cheque.

If a cheque is damaged or a big mistake is made, cancel it and write a new one.

Don't throw away the cancelled cheque.

If there is a small mistake made when writing the cheque, both signatories have to initial the mistake and changes.

The cheque butt is the part of the cheque book where you record what the cheque was for.

Make sure that all the details of what you paid for are included on the cheque butt.

They include;

- Date
- Payees name
- What the payment is for
- Amount paid
- Cheque amount

You should enter the cheque butt details into the Cash Payments Register under the appropriate headings



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- Date paid
- Name of payee
- Cheque number
- Cheque amount
-

Enter your cheque numbers in the Cash Payment Book with the most recent payment entered last.

If the cheque is cancelled, write the word 'cancelled' in the 'paid to' column then the cheque number and a dash (-) in the amount column.

The original cancelled cheque stays in the cheque book.

Petty Cash

Sometimes it is not practical to pay out small amounts of money by cheque.

You might have to buy stamps, or milk and coffee, or a taxi fare.

You can use a 'petty cash' system.

You write a cash cheque, for a small amount.

This is called the 'float'.

Take the cheque to the bank and put the cash in a small cash tin that can be locked.

One person looks after the cash tin.



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Every time you use money from 'petty cash' (out of the cash tin) you use a petty cash voucher.

The receipt from the purchase is stapled to the petty cash voucher.

The person who spent the money also writes what they have spent it on in the Petty Cash Book.

When the cash in the Petty Cash box is low, another cash cheque is cashed to bring the amount of money back to the original amount.

The cheque details are also written in the Petty Cash register.

The float amount can be increased or decreased (made bigger or smaller) depending on what the group needs.

You will need to make sure the amount that went in and the amount that went out balances (is the same) before writing another cheque.

This is called 'reconciling' your petty cash balance.

Balancing (reconciling) the registers

Before doing a balance at the end of the month, look at your bank statements.

If there are any credits (extra money) or debits that appear on the bank statement and which haven't been accounted for, you will need to write them in the right register.



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For example, most banks charge bank fees. You should write them in the right column in the right register.

You should add up all columns at least once a month. All the columns should be equal to the amount of the 'amount received' or 'cheque received' column.

Financial Controls

A financial control is a process that is designed to make sure that your organisation acts within the law and your own rules.

Different organisations have different financial controls, depending on how big they are.

There are some rules that should be applied to all organisations.

They are:

- All money that you receive should be banked as soon as possible. The money might not be covered by insurance if you do not bank it by the next working day (not a Saturday or Sunday)
- All payments should be made by cheque
- All small payments should be made through a petty cash system
- All money that you receive should be receipted (a receipt written for the person who made the payment)
- At least two committee members should sign all cheques



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- Invoices should only be paid after they have been authorised by the committee or whoever your committee decides has the authority to approve the payment
- Details of the invoice should be recorded on the payment voucher and attached to the invoice
- Bank reconciliations should be done at least once every month and for every committee meeting

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New and Existing Support Group Development, Telephone Information Line,
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On-line Directory of Support Groups and Community Organisations, E-News

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