

Banking for the Voluntary Community and Faith Sector

Introduction

Each and every member of your governing body (trustees / directors / committee members) are responsible for your organisation's finances.

It is essential to keep accurate records of money coming in, money going out and who is authorised to spend money. It is also important that you have the correct bank account set up, and that you do not keep cash at peoples' homes or on the premises.

Types of accounts

- Community Accounts
- Charity Accounts
- Treasurers Accounts
- Business Accounts

Try and get a suitable bank account that does not have charges or fees. Most banks offer a 'community' or charity account. A business account often includes some sort of charge.

Security

VCFS organisations are required to have 2 signatories for each transaction. This is to prevent fraud and to safeguard the organisation. Certain funders ask for organisations to confirm this before granting funding. It is advisable to have 3 trustees that are authorised to sign for transactions in case one person is not available.

If you have petty cash, it should be withdrawn using 2 factor authorisation and kept securely in a locked tin. Any transactions through petty cash need a corresponding receipt.

Online banking is often set up with only 1 authorisation required. Talk to your bank about setting it up with dual authorisation. This is the norm for business accounts.

Setting up your bank account

There are a number of sector specific banks, such as CAF bank and Charity Bank. The important thing is to have an easily accessible bank account that you can withdraw from, and deposit into easily.

The signatories on the account will need to attend in person, with suitable ID, to set up the account. There may be restrictions on who can be a signatory, so check with the bank first.

Some accounts will charge a fee, so look around at the best option for your organisation. Any perks or benefits associated with a bank account bellowing to the organisation and cannot be used by individuals.

Financial Controls

It is advisable to have a financial controls policy to ensure that payments are authorised by the correct people in the correct process. This will include who can authorise spending, and any limits to the value of these spends.

See the CVS website for a sample financial controls policy.