

**Duties of a
Midlothian
Community
Council
Treasurer**

1. General Responsibilities

- The Treasurer is principally responsible for looking after the Community Council's funds.
- He/she must keep accurate records of all financial transactions and these records must be made available for inspection on request.
- It is 'good practice' for the Treasurer to make a 'report' at each meeting along with the other Office Bearers. This might involve no more than giving the Community Council a verbal report of any expenses or income since the previous meeting and informing members of the resultant bank balance. In addition, the Treasurer should produce regular written 'statements' to be presented at meetings.
- The Treasurer is also required to produce a set of Annual Accounts for independent inspection and verification.
- It is the responsibility of *all* Community Council members to ensure that spending accords with the purposes of a Community Council as defined in the Scheme for Community Councils.

2. Community Council Funding (Small Grants)

As part of its 'Small Grant' initiative, Midlothian Council pays an annual administration grant to Community Councils. Applications for the grant open in September of each year. The principal purpose of the grant is to cover administrative expenses: postage, photocopying, Auditor's Fee, Information Commissioner's Fee. The administration grant must be spent only on such items

Additionally, Community Councils Community Councils can a make a further application for grant funding under the 'Developing Communities' theme. A successful application could be used to fund other items or activities – see examples below:

- Production of Community Council newsletter, annual report or community directory.
- Design or maintenance of Community Council website.
- Involving local people in local decision making (eg surveys or consultations on local issues).
- Participation in local community planning activities.
- Developing links with other groups (eg any costs incurred from joint working with organisations such as minority groups, youth groups, local history society, pathways/environment group etc).
- Conference attendance

- Publicity and promotion - advertising meetings, purchase of notice boards, production of leaflets and flyers, stand at community gala day.
- Membership/affiliation fees

Some Community Councils are active fund-raisers, organising street fairs, Christmas events, Galas, etc. Any extra funds raised by these means can be spent however the Community Council decides, providing it affords some benefit to the local community.

3. Banking Arrangements

- A bank account should be opened in the name of the Community Council to deposit grants or income and from which the various expenses of the Community Council will be drawn.
- A Community Council bank account should be set up in such a way that at least two signatures should be required on any cheque or online transaction (named persons). These are usually the Treasurer and one or more of the other Office Bearers.

4. Annual Accounts

- When Community Councils hold their Annual General Meetings, the Treasurer will be required to produce a set of accounts for the previous financial year (i.e. 1st April – 31st March).
- Community Councils should appoint an 'independent examiner' who will be tasked to review the annual accounts. This need not be a professional accountant, but should be someone who has some relevant knowledge and experience.
- The independently verified accounts must be presented at the AGM and a scanned or electronic copy should be sent to the Community Council's Liaison Officer via the cll@midlothian.gov.uk email address.

Considerations when verifying the accounts should include:

- That funds have been spent in pursuit of the aims of the Community Council as defined by the Scheme for Community Councils
- That all transactions recorded are verified by vouchers received (e.g. invoices, receipts)
- That book entries correspond with bank statement information
- That overall systems of financial control are satisfactory

Failure to submit independently verified accounts will lead to the withholding of the administration grant.

Financial Good Practice for Community Councils

It is important that Community Councils in Midlothian put clear systems in place for the recording of all financial transactions. Guidance provided below assists Community Councils to develop good practice.

1. Roles and Responsibility

The Treasurer has primary responsibility for all matters relating to finance. The Treasurer's duties include:

- Maintaining accurate systems for recording income and expenditure,
- preparation of regular statements to the Community Council,
- Preparing annual accounts for examination and,
- Ensuring that expenditure accords with the purposes of a Community Council as defined in the *Midlothian Scheme for Community Councils*.

Important Note

- All members of a Community Council have a responsibility to ensure that funds are used prudently.
- If a member of a Community Council has any concerns, this should be raised at a meeting and the discussion minuted.
- If concerns remain they should be brought to the attention of the Liaison Officer or highlighted using the cll@midlothian.gov.uk email address.

2. Principles of Financial Management

No two Community Councils operate in exactly the same way. In addition to this, while some are experienced at raising additional funds to finance particular projects, others carry out all their functions using the Midlothian Council administrative grant.

- All financial transactions should require the authorisation or approval of the membership. Best practice includes decision being recorded in meeting minutes.
- All transactions should be recorded in writing ensuring that a complete record is maintained.
- There should be written evidence to back up every transaction entered in the records.
- All cheques should require at least two signatures (e.g. Treasurer & Chair). Online transactions should be authorised by 2 non-related members.

3. Banking Information

Individual Community Council Constitutions provide the guidelines for expenditure of finances. However, general principles are that:

- All cheques should require more than one signature.
- A cheque signatory should not sign a cheque which is made payable to him/herself.
- All the details of the cheque should be complete before it is signed.
- All bank vouchers must be retained. This includes statements, chequebook stubs and pay-in counterfoils.

4. Petty Cash

The use of petty cash should be avoided and some Community councils may never hold any petty cash. Where a petty cash system does operate:

- Consideration should be given to setting an upper limit for petty cash payments.
- Steps should be taken to ensure that the level of cash held is kept to a minimum.
- A petty cash book should be kept detailing all transactions. The cash balance should be reconciled on a monthly basis with the records in the petty cash book.
- Petty cash should be for use in making relatively minor cash payments.
- It should not be used where it would be reasonable to make payments by cheque or online payment.

5. Expenses / Honoraria Payments

The disbursement of honoraria payments to members of a Community Council is not authorised in the Midlothian Scheme for Community Councils. However, Community Councils may wish to reimburse Office Bearers, other members and volunteers for any reasonable expenses incurred in the performance of their duties.

It is not be appropriate for these kind of payments to be made from the Midlothian Council's annual administrative grant.

Reimbursement of travel expenses should only be available to persons on official Community Council business. Claimants should submit a detailed record of dates, times, destination, reason for travel and mode of transport. Reimbursement of travel expenses (for example bus, taxi, train, parking fees etc) should only be awarded if accompanied by an appropriate receipt.

If the Community Council requires telephone calls to be made, reimbursement of expenses can be made at the discretion of the Community Council. The person making the claim should submit the itemised telephone statement highlighting the calls claimed. Reimbursement will be authorised by the Community Council.

GOOD PRACTICE CHECKLIST

The list below is intended as a useful guide to Treasurers and others in evaluating the financial practices of their Community Council. The checklist is not definitive but is merely an outline of some self-assessment steps which could be taken.

Accounts Requirements

- *Are proper records kept of all transactions?*
- *Are accounts formally approved at the Annual General Meeting?*

Budgeting

- *Is an annual budget drawn up and approved by the Community Council?*

Receipt of Funds

- *Are all incoming cheques and cash recorded immediately?*
- *Are all funds paid directly into the Community Council's bank account?*

Fund Raising Events

- *Are records kept of each fund raising event?*

Bank Accounts

- *Are all funds belonging to the Community Council held separately from that of any individual member or other organisation?*
- *Are regular checks made between bank statements and the Treasurer's own records of income and expenditure?*

Controls over Expenditure

- *Is all expenditure authorised by the membership of the Community Council?*
- *Is supporting documentation held for all expenditure e.g. invoices?*
- *Are cheque books held in a secure place with access only by signatories?*

Payment by Cheque

- *Are all cheques signed by at least two people?*
- *Is every effort made to minimise cash payments?*
- *Is all cheque expenditure recorded and noted with the relevant cheque number?*
- *Are all cheque stubs completed at the time of the payment?*
- *Are all cheques signed only with documentary evidence of the nature of the payment?*

Payment by Cash

- *Do all cash payments have supporting documentation?*
- *Are amounts of cash claims entered in a petty cash book?*