# FINANCIAL

There is no subject that causes more problems within re-enacting Units, Societies and Associations than money. The subject has caused more divisions and splits than any other reason and the cause is usually a lack of financial control.

Organisations have a duty of care for their members and this includes money that has been paid in respect of fees for the running of the organisation. It is incumbent upon the Unit Commander or the Committee to protect these funds and ensure that they are neither misspent nor subject to fraud or theft.

**Controls**

This guideline is designed to assist organisations in their control of their financial assets to avoid such fraud or theft. Control is relatively simple if a number of steps are taken:

1. Bank Accounts – never allow funds to be held in a person's own account. Always open a separate bank account with more than one signatory required for every transaction. Most of the big banks offer "treasurers accounts" which not only do not make bank charges but also may pay interest. It is recommended to have at least three signatories, two of which to sign at any one time.  However it is common nowadays to have the facility to pay using the internet which requires one person to make such payments.  It is imperative that person be trustworthy but also that the account is monitored regularly to ensure that payments are properly authorised (see below).

2. Accounts – make sure that a proper account is run, by a properly appointed treasurer, who is numerate. Limit the amount that the treasurer can spend at any one time without proper authority. Ensure that work done by the group is paid for by means of a cheque or bank transfer made out to the group and not a specific person.

3. Audits – Have the account properly audited on a regular basis. Although this will not necessarily stop minor fraud and theft it will provide an overall check of performance over the period chosen, and trends can be identified. The usual time period is annually, but audits can be done at any time. It can be an internal or external audit, although companies and charities are subject to statutory regulation

4. Financial Checks – Make independent financial checks. These can be as simple as checking the main account against the bank statements on a regular basis (e.g. monthly or at committee meetings). Any inconsistencies can then be investigated before a major problem arises. Make sure that the checks are carried out by different people every time.

5. Cash – Do not retain any amounts of cash. Ensure all cash is banked immediately. If possible use only cheques (although declining in popularity, most treasurers' accounts still offer this facility).

**Additional protection**
Additionally, those Organisations and units which are big enough and can afford the expenditure, should look at buying the following insurance covers to protect themselves;

1. Fidelity Guarantee cover - theft of money &/or stock by nominated persons (e.g. treasurer or secretary) discovered within 24 months of the loss.

2. Directors & Officers cover - pecuniary loss due to negligent administration of money or funds i.e. being incompetent rather than an outright criminal. Although no definitive guide to price can be given, amounts can start from around £400 + Insurance Premium Tax for each would be expected, but may bit cheaper if you bargain hard and ask for lower than the standard limits insurers will offer.

3. Finally trust no one. Regardless of how well you think you know someone and how much you trust them remember that people can be tempted, especially if they run into hard times. Make the checks and you should have a financially hassle free time.

**The taxman cometh...**
You should also be aware that if you are incorporated, you may have legal obligations to file returns to HMRC - you can find more details on the gov.uk website, or you should seek independent financial advice. Remember that even if a return is going to be 'nil', you may still incur penalties for a failure to make a return.
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