Finance



Opening a bank account

Your voluntary group is going to need a bank account to process its income and expenditure. It is important to keep track of the group's money and to ensure that it is kept entirely separate from money that belongs to the individuals running the group. You will also need a bank account if you decide to apply for grant funding.

Groups who are registering as a charity with the Charity Commission will be required to evidence their income to the Charity Commission as part of the registration process. This may mean you will have to set up your bank account before your group is up and running.

There are different types of bank accounts available for voluntary groups from high street banks / building societies and a limited number of banks that specialise in accounts for the voluntary sector. Each bank will have a different approach to how they deal with the needs of voluntary groups and the level of customer service that they offer.

You will need to research the available bank accounts to find one that is suitable for your group. Here are some tips:

- Make sure you choose an account that is for voluntary organisations (sometimes referred to as groups and societies) and not a standard business account.
- Think about the way that you want to use the bank account. It may be difficult to find a local branch so you will need to be able to use the online banking facilities with confidence.
- Check out the fees on the account – sadly free banking for voluntary groups is becoming more difficult to find and many banks charge voluntary groups for transactions. You will need to take this into account in your choice of account.
- Set up your account so that at least two people are required to sign each cheque or approve withdrawals.
- Choose signatories with good credit ratings (the bank will run credit checks).
- Familiarise yourself with the bank's requirements for setting up the account – you might need to visit their business services department and they might need your governing document or evidence of the

appointment of your signatories. Be prepared to deal with these requirements.

- You may want to think about whether your group is happy with the ethics of the bank that you are choosing.

Other sources of information

HSBC have produced a guide to help voluntary groups with digital banking.

Financial rules and record keeping

Trustees have a collective responsibility to look after your organisation's money and you will need to put in place systems to manage and record expenditure and income.

Our section on Managing Money and Budgets sets out more information on how to develop your systems but here are some key points that you need to agree from the start:

- What type of financial records will you keep? You will need to keep a record of the money coming in and out of your group. You might have an account book, petty cash records, financial spreadsheets or invest in an accounting software package depending on the scale of financial transactions and skills of your volunteers. You can find more information about this in our Managing Money and Budgets section.
- What financial controls will you have in place? You need to create some rules about spending the group's money that will provide safeguards against errors and fraud. Examples include agreeing who will deal with the petty cash and limiting the amount of float that you hold, agreeing the maximum that can be paid out in cash, how you evidence payments through receipts and agreeing a process so that expenditure must be signed off by more than one person.
- What are the responsibilities of your treasurer? If you have a Board member who takes on the role of treasurer it is important that they are not left to manage the finances of the group on their own. The whole Board are responsible for the group's finances and the treasurer must report regularly to the Board with details of the group's financial situation. (You can find more information about the role of the treasurer and other Board positions in our Governance section)
- How will you share and review the financial controls? Once you have agreed your financial rules you must write them down and make sure that the Board, and anyone else dealing with money has a copy and understands them. You should make time to review the rules regularly and make sure that they are being complied with and update them when circumstances change.

Take a look at the section on Managing Money and Budgets to get more information on how to put in place the financial controls that you will need.