

Branch Responsibility for Finances

This document is intended for Treasurers but should be read by all Trustees, as it covers a wider area than just the responsibilities of a Treasurer. It is essential that all members of the Branch committee, including co-opted members, realise that they are Trustees, with specific responsibilities as a consequence.

All Branch Trustees have a responsibility to manage the Branch's resources responsibly.

In most cases responsibility for the day-to-day management of finance is delegated to the Treasurer. However, it is still the collective responsibility of Trustees to know what is going on and to be confident that finances are being managed in line with charity law, the Governance Handbook and the procedures established by each Branch.

The Charity Commission has produced a checklist for Trustees to help them decide how effectively finances are managed within each Branch that includes such questions as:

Does the Branch Committee understand its responsibilities around finance?

Branch Trustees do not need to be financial experts. They do, however, need to understand their financial responsibilities. This means doing the following things:

- Making sure the charity's assets are only used to support and carry out its purposes. On a practical level this means checking that you are spending money and using the Branch's resources only for those things that the Royal Air Forces Association was established to support - the welfare of those who serve or have served in HM Air Forces, their spouses and dependants. If you are ever unsure then it is right to question this.
- Avoiding exposing the Association's beneficiaries or reputation to undue risk. This means thinking about the potential adverse consequences of things you spend your money on, the activities you plan and the communications you send.

The Branch Treasurer is not required to have a finance background but they are required to understand the basic requirements for the management of finances for a Branch of the Royal Air Forces Association. Training for Branch Treasurers is currently under development and information will be shared with Branches once it is available.

Are budgets prepared and approved by Trustees?

Even if you have a relatively small annual income you can set a budget for the coming year based upon your previous year's income. When the Treasurer reports back to you at each meeting they can describe the expenditure in relation to the amount that has been set aside for that particular task enabling Trustees to better understand things that are running over or under budget.

Don't forget that an explanation of how to effectively handle all Branch finances can be found in the [Finance Handbook](#)

Are Trustees provided with regular information about the financial performance of the Branch?

The Branch committee should receive quarterly updates from the Treasurer although some Branches may choose to receive financial information on a more regular basis. The financial performance of the Branch should include information about income and expenditure and performance against any budgets and investments. At times of turbulence in the markets, for example, the value of investments may fluctuate and it is important committee members are aware of this and make decisions accordingly. This is the same with interest from bank accounts.

At your meetings you should also be asked to give your approval to any spending on things that are over and above the spending limit that has been set for the Treasurer. Where spending goes above this, the approval should not be given on the basis of an informal conversation, for example, between the Chair and the Treasurer.

Are sufficient records kept of all transactions?

As well as bank statements and accounts the Branch should keep a record of all its financial transactions including:

- Invoices for goods bought
- Volunteer expense forms
- Receipts for purchases from petty cash

Do not forget that there is a requirement for you to keep financial records for the Branch safely for seven years. It is worth storing these with a note that clearly states the date of storage and the date after which the records can be destroyed. For a more detailed discussion of which records your Branch should keep and how they should be kept see our guidance note 'Maintaining Branch Records' which can be found on the [Branch Portal](#).

Does your Branch spend its money on its charitable 'objects'?

The Branch funds are all charitable. As a Branch Committee, it is your responsibility to ensure that funds are only used to support the charitable aims of the Royal Air Forces Association. For more information on this subject please see the following guidance notes which are available on our [Branch Portal](#):

- Branch Funds and Members Social Events
- Making Spending Decisions
- What Branches Can Spend Their Money On

Have you developed a reserves policy?

Branches should be using Branch funds for the benefit of its beneficiaries. It is recommended, however, that Branches keep a reasonable amount back for a 'rainy day' and to keep an amount in anticipation of likely expenditure in future. This is referred to as a 'reserve'. At present, Branch Regulations stipulate that any Branch with total assets amounting to more than £5,000 should have a reserves policy and any Branch with assets over £10,000 should consider transferring excess funds across to the Branch Deposit Fund held at Association HQ. A template reserves policy can be found on the [Branch Portal](#).

For more information on this issue the Charity Commission for England and Wales has developed useful guidance around 'building resilience':

<https://www.gov.uk/government/publications/charities-and-reserves-cc19>

The **Office for the Scottish Charity Regulator** has also produced a factsheet around building reserves which can be found via the link below:

<https://www.oscr.org.uk/guidance-and-forms/accounts-and-finance-guidance/charity-reserves-factsheet/>

For information on exactly who the beneficiaries of the Association are please see Object 2 of the [Governance Handbook](#).

Do the accounts meet with legal requirements?

As a Branch, you are likely to be preparing simple receipts and payments accounts which give both your Trustees and the Charity Regulator the best opportunity to understand the financial situation of your Branch. A template receipts and payments account can be found on the Branch Portal. The Charity Commission have lots of useful guidance on accounts and your Branch:

<https://www.gov.uk/prepare-charitys-annual-accounts>

Are the Branch's assets safe?

The Branch will have a number of assets that may include money, investments, property as well as the reputation of the Royal Air Forces Association itself. As a Branch, you will need to put in place simple processes to ensure that these are kept safe. You will find more information on the practicalities of doing this within our guidance 'Internal Financial Controls' which can be found on the [Branch Portal](#). They are likely to include some if not all of the following:

- Safekeeping of petty cash
- Approving signatures for expenditure
- Control of online banking
- Keeping of keys for property
- Signing out of borrowed property

Do Trustees ensure that the accounts and annual report are submitted on time?

The Branch Regulations stipulate that Branch accounts and the Trustees annual report should be submitted to the HQ by 31st March of each year.

As of September 1st 2020, Branches who fail to submit accounts on time can be subject to sanctions. Furthermore, the Charity Regulators hold the right to suspend the charitable status of those branches who fail to meet their reporting requirements. For a full explanation of Charity Commission requirements please see our guidance 'Charity Commission Reporting Requirements' available on the Branch Portal.

It is also a good idea to check the information the regulator for your area holds for you. In the event that the information is either incorrect or out of date you can update it by accessing the password allocated to your Branch by the regulator for this purpose.

Have your Trustees acted with reasonable care and skill?

The charity regulator recognises that all Branch Trustees are volunteers and they are not expected to be experts at everything. They also recognise that sometimes things will go wrong. As a Trustee, however, you are required to act with 'reasonable care and skill.' Acting with reasonable care and skill means asking yourself some of the following questions:

1. Do I fully understand the issues discussed?
2. Do I believe the Committee has done all it can to fully understand the matter under discussion?
3. Has the decision been arrived at after a fair discussion?

If your answer is 'no' to any of the above then you are within your rights to do any of the following:

- Find someone who can fully explain the situation to you, for example, a fellow committee member
 - Do some reading on the subject using some of the options listed above
 - Suggest the postponement of a decision until the Branch has all the information it needs
 - Suggest to the Committee that it seeks advice
 - Request your disagreement be recorded within the minutes of the meeting
 - Contact Association HQ to discuss your concerns
-

For more information on the responsibilities of Trustees for finance

Charity Commission for England and Wales

Internal financial control for charities (CC8)

<https://www.gov.uk/government/publications/internal-financial-controls-for-charities-cc8>

The Charity Commission for England and Wales has also published a number of short guides to various aspects of governance including a short guide on charity funding.

<https://www.gov.uk/guidance/managing-charity-finances>

Office for the Scottish Charity Regulator

Good financial practice for charity trustees

<https://www.oscr.org.uk/guidance-and-forms/guidance-and-good-practice-for-charity-trustees/charity-finances/>

For more information on finance

Royal Air Forces Association [Finance Handbook](#)

Branch Guidance Notes

There are a number of guidance notes that provide practical assistance to branches around finance. All documents are on the Branch Portal. <https://rafa-portal.force.com/PortalSources>

NCVO Know How <https://knowhow.ncvo.org.uk/>

National Council for Voluntary Organisations (NCVO) has a number of documents available for Branches around financial governance.

Contact the Branch and Membership Operations Team

For all enquiries about areas of Branch governance please contact your relevant Relationship Engagement Officer or email us at:

governance@rafa.org.uk