



Show me the money?

Securing your money – a simple guide for not for profit organisations

Introduction

It isn't that easy managing a not for profit organisation. It can be hard to take the time to set up systems that monitor the money and the contracts you are working with.

Every now and then you see a little scandal about missing money in other charities or not for profits and you hope that none of that will happen to you. But what you hear about in the media is just the tip of the iceberg.

We know because for more than 30 years we have been helping organisations dismiss people who misappropriate (or steal) their money. These dismissals are often hedged about with secrecy clauses (and not reported to the Police) and there is no way you would ever know the scale of the problem unless you were in on it.

Don't leave your doors open

It is so easy to leave your organisation open to theft and fraud. It is the equivalent of putting all your money on the table and leaving the house with your doors and windows open.

We know that you and your staff and volunteers are all doing what you do because you believe that you are devoting your time to a worthwhile cause. But not everyone who joins your organisation is going to be acting from the same motives.

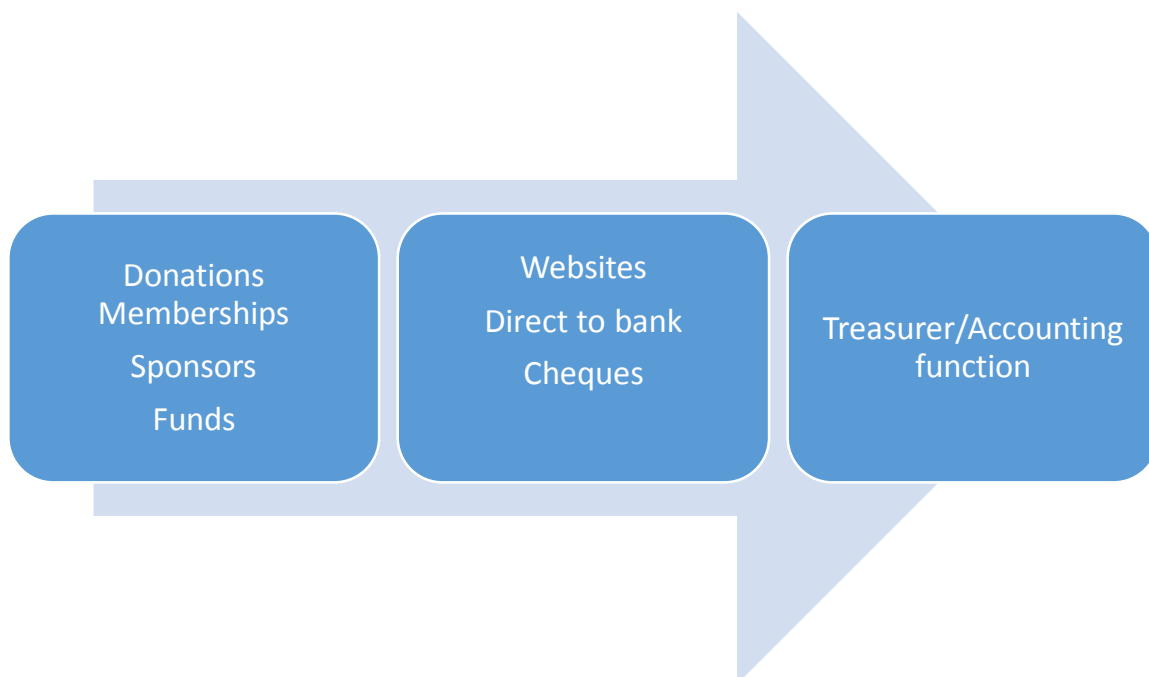
So, how do you secure your money without creating nightmare systems that overload you with bureaucracy and administration?

Here are some top tips that we and our clients learned the hard way.



Follow the money

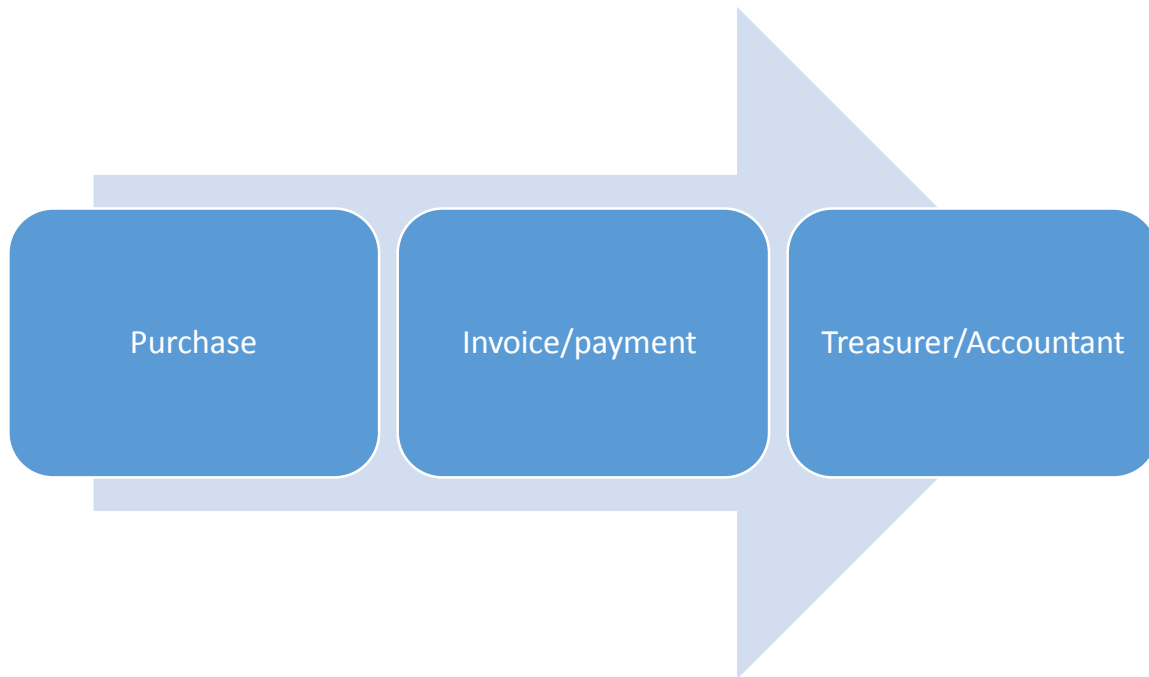
Money comes into your organisation and it goes out. Every time it moves is an opportunity for it to get lost. Make a simple diagram of how money moves through your organisation. Let's start with where it comes in.



If your way of receiving money is not secure, then you can't be sure your money will get to you. The key to knowing if your money is arriving is having a good treasurer or accounting function – a good routine that makes sure everything is checked and accounted for.



When the money goes out, it also follows a trail



Getting a treasurer is not always easy. If your treasurer relies on getting manual invoices/expenses/receipts and bank statements from an office manager or executive team members **you will not be able to find out what is going on in real time.**

When an organisation suspects something is wrong with how their team are handling money, we start our checks with:

- How up to date are your financial records?
- Who provides the information/invoices?
- Who checks it/countersigns?



Why do these questions make a difference?

- How up to date are your financial records?

If you only get your information after the year has ended, things can have gone very badly wrong before you know anything about it. Unscrupulous people notice that your checks are infrequent, and things start to slide. But you won't be aware of it until months, even years, later.

- Who provides the information/invoices?

If the person who decides what to buy also provides the invoices, you need to have a proper purchasing process – however small your organisation is - that sets out clearly:

- What they are authorised to spend before coming back to the Committee/ Trustees/Board
 - What proof is needed for accounting purposes
 - Where and how the information should be stored (for how long)
 - When sign off is needed and how this is to be obtained BEFORE purchase
 - What is permitted on your organisation's credit cards
- Who checks it/countersigns?

Many not for profits use a double sign off process, where the full time office person signs the cheques and they are counter signed by the Chair, Treasurer, or some other specified person.

It can be tempting when you don't want to visit the office just to sign cheques to:

- Make it a single signature sign off; or
- Make the person in the office the treasurer; or
- Leave ready countersigned blank cheques so suppliers can be paid promptly.



We have seen all of this in real life. It often results in dodgy transactions, overpayment of suppliers who turn out to be 'friends', and direct fraud and financial loss including good old fashioned theft.

Make it easy on yourself and your team

You don't have to leave the door open to fraud and theft, nor do you have to handcuff yourself to the petty cash box.

Have a bank account that gives you double sign off electronically

The Charities Aid Foundation (CAF) have a bank account for not for profit organisations that assumes you (or someone you authorise) will want to electronically counter sign payments. It is much easier now to change bank accounts, so have a chat with your bank and see if they offer this at no extra charge (and can match the charges from the CAF). You don't have to be a registered charity, this is open to social enterprises and not for profit organisations too.

Click [here](#) for more information on the CAF bank account. There are other banks who offer charity and not for profit banking, but make sure you have dual sign off at no extra cost and that you are getting the best rate on bank charges.

This type of account means that one person puts up the payments in the bank and another reviews them and signs them off. There is no need for the person who reviews the payments to visit any particular location – it's done online.

Get your bookkeeping into the cloud

If you are not really interested in bookkeeping or IT, it can seem a bit daunting – but it doesn't have to be. Let's look at the relative risks.



If you have a manual bookkeeping system with manual receipts:

- You have to visit the office to verify receipts – chances are you won't do that without people knowing you are coming.
- The receipts are on paper in one location only which means:
 - They can be lost (accidentally or deliberately)
 - You need to arrange to store them securely for 7 years (in case of tax or other audits)
 - If you have a fire, flood, move premises or any other event you may not have access to readable copies.

Paper records, even in a 'locked' filing cabinet are always vulnerable. (Just check if yours are actually locked the next time you walk into the office!)

Electronic records (in the cloud) can be vulnerable too but you may find they are more useful for you.

There are organisations that offer cloud based bookkeeping packages. Here is a link to a guide to accounting for non-profits from one of them – click [here](#)

We use cloud based bookkeeping ourselves since our team is constantly moving around – we spend more time out of the office than in it. What we like about it is:

- Our purchase invoices (many of which arrive electronically anyway) are in the system electronically so we can check the invoices before authorising a payment
- Our bank account is updated and can be seen inside the system so at any hour of the day or night we can check what is going on with our money
- We can set budgets (useful for levels of authority for other people) and keep an eye on how particular budgets are doing without having to ask people
- We claim our expenses by photographing the invoice on our mobile phone as we incur them. We then have someone else sign off on them (double sign off).



All the accounting records are available, with appropriate rights depending on who has been given what rights – at any time anyone wants to see them or work on them.

We hooked our accountant in too, so if we need to talk about money we all have up to date records and know what we are talking about.

We can have virtual meetings (Skype, Google Hangouts, and Lync) with everyone having up to date information.

Map you own processes

Our simple chart of money in and money out may not be enough for you. It is important you are able to visualise the flow of money and information through your organisation – however you do it.

We live in an information age. You could say your organisation depends on the free flow of data to where it needs to be and the absolute restriction of data to where it does not need to be. The same is true for your money and your relationships with donors, clients, sponsors and funders.

Clarify who is supposed to do what

Even volunteers need to know what they are supposed to be doing. If you get into the habit of documenting (start with a notebook, or a word processing document if nothing else) it is easy to upgrade, update and change your systems and it is easy to automate and computerise when it is right for you.

We use Sweetprocess as a way of sharing our How to or Operations Manual in bite sized chunks. If you [sign up](#) and email owen@sweetprocess.com with the word "Strawberry" you can get a free trial period of 28 days.

It can be a great team building exercise to sit down and work out – what do we do and how does it work best. You can also update them remotely and circulated updates quickly if you need to do so.



Have a proper written contract/agreement

Contracts, employment and law are probably the last things on your mind when you are running a not for profit.

But if you want to create an organisation that can thrive when you are not there (and you can't be everywhere at once), and allows you to manage the people, then this is a really important part of your own process.

We know how important it is to have a great contract – particularly when things go wrong.

We have spent decades advising organisations on how to remove shady individuals, and it is twice as hard and twice as expensive if you don't have the right paperwork in place in the first place.

Don't wait till it has all gone wrong and then try to sort it out.

Make a decision to get on the right track before you find out your money is disappearing faster than you expected.

For freelance bookkeeper contracts click [here](#) to download.

For free webinars on how to manage your bookkeeper click [here](#).

For a free review of your existing contract, click [here](#).

And if you have already got that sinking feeling – and you know things are already going wrong – don't worry – we are used to dealing with that too. Just let us know when and how to contact you discreetly and we will start helping you contain the problem and do what needs to be done.

Email us on advice@irenicon.co.uk or call us on 08452 303050 (local rate call charges apply).

We have a special support list for not for profits and charities. If you'd like our occasional updates click [here](#) to join.