

Bank Accounts & Holding Funds

Bank Accounts

It is important for any group to have its own bank account that is held in the name of the group. **There have been cases in the past where groups have kept monies identified for the group in a personal account. Under no circumstances should this be something you think of doing (unless grant monies have been allocated to an individual)** It opens the door to lots of dangerous practices and could jeopardise both your group and your committee!

Setting up a group bank account doesn't have to be a hassle and will save time in the long run, it will make keeping track of monies going in and out much, much easier.

All high street banks will be able to offer your group an account, which they will call a Business Account (for larger incorporated charities) or a Community Account (most high street banks do not charge voluntary groups that have a turnover of less than £10,000).

As with any voluntary group, the account must have several signatories, the sensible minimum being 3. All cheques will have to be signed by at least 2 people. Signatories should be key members of the group, and where constituted, should be the management committee members. Where a group employs staff, it may make sense to have the most senior member of staff as a signatory. However, always ensure that a management committee member/trustee countersigns these cheques as they are the legally responsible people for the organisation. Also, never sign cheques that are made out to yourself.

Key Points

- Don't hold money for you group in your own bank account!
- Choose a bank that your group feels comfortable with.
- Make sure you have several signatories on the account.
- If your group is constituted, make sure your signatories are the management committee members, or trustees.
- Never sign cheques that are made out to you.

Holding funds for others

If a group is extremely small and has very little money (for example, a small social group that has received £100 to pay the rent for the building they use), then it is possible to ask another larger group to hold the monies on your behalf. This means that the other group will pay the money into their own bank account but keep it separately accounted for. When you need to use some of money then they will write a cheque out on your behalf.

Key Points

Any group holding funds for more than one group might want to consider holding it in an external account, keeping another group's monies separate from their own. Create a written and signed agreement between the two organisations about the amount of money that is being held, what it is for & who has authority to decide how it is spent.