

Model Job Description: Honorary Treasurer

Treasurers may have specific roles and responsibilities delegated to them; however, all trustees, not just the Treasurer are responsible for the charity's finances and should be able to understand, consider and comment on financial information.

The Overall Role

To monitor the financial administration of the charity and report to the board of trustees at regular intervals on its state of financial health, in line with best practice, and in compliance with the governing document and legal requirements to provide the board with the confidence and knowledge to better make strategic decisions.

The main responsibilities and duties of the Honorary Treasurer include:

- Overseeing and presenting budgets, internal management accounts and annual financial statements to the board of trustees;
- Leading in the board's duty to ensure that proper accounting records are kept, financial resources are properly controlled, invested and economically spent, in line with good governance, legal and regulatory requirements;
- Leading in the development and implementation of financial reserves, cost management and investment policies;
- Liaising, where applicable, with the appropriate member of staff responsible for the financial activities of the organisation;
- Chairing any finance committee in line with standing orders and terms of reference, and reporting back to the board of trustees;
- Monitoring and advising on the financial viability of the charity;
- Overseeing the implementation of and monitoring specific financial controls and adherence to systems;
- Advising on the financial implications of the charity's strategic plan;

HONORARY TREASURER

- Overseeing the charity's financial risk management process;
- Acting as a counter signatory on charity cheques and important applications to funders; and
- Board-level liaison with the independent examiner or external auditors on specific issues such as the Auditors' Management Letter and the related board representations.

The extent of these duties and the Treasurer's involvement will vary with the size and complexity of individual charities and the level of finance staff employed.

Critical Areas of Involvement for the Treasurer:

- *Budgeting and strategic financial planning* – The Treasurer must ensure that all strategic plans are fully financially appraised and that the budget is in line

with the plan's short-term objectives as set for each year.

- *Management Reporting* – Trustees have a duty to ensure that proper accounting records are kept, assets are safeguarded and resources properly applied in accordance with the objects of the charity.

The Treasurer should ensure that management accounts are prepared on a regular basis and that there is a target timescale for their production. The Treasurer should also agree with the trustees the type of financial reporting they require and the extent of it. This needs to be done in coordination with the Director of Finance (where present).

- *Statutory financial reporting* – The Treasurer's task here is to guide and advise fellow trustees in the board's formal approval of the annual report and [audited] accounts. Therefore it is important the Treasurer is fully aware of their content, regardless of any involvement in their preparation.

- *Investments* – The Treasurer needs to be closely involved in the overall management of this important asset. Many charities have investment sub-committees convening several times a year, where the Treasurer and other committee members are able to meet with the external investment advisers or managers to discuss targets, constraints, performance and future investment policy. The Treasurer may well have to chair the charity's investment committee.

- *Staff pensions* – Pensions legislation and regulation has greatly increased, and Treasurers need to be able to advise fellow trustees on the financial intricacies and implications.

- *Risk Assessment and Risk Management* – Treasurers need to ensure that the risk-management process is adequate and that the financial implications of risk are fully taken into account.

- *Audit* – The Treasurer ensures there is a framework for accountability; for examining and reviewing all systems and methods of financial control, and ensures compliance with all aspects of the law, relevant regulations and good practice relating to finance. Where there is a separate Audit committee, Treasurers should be a member rather than chair to limit conflict.

- *Reserves policy* – A final critical area is reserves policy in relation to any voluntary funding and/or to the charity's operational viability and ultimate solvency.

The Treasurer must be involved in:

- The development of any reserves policy and could well be its guardian on behalf of the trustees;

- Keeping the board regularly informed of the free reserves position and target (if any), even if only as part of the essential MODEL JOB DESCRIPTION cash management reporting where solvency is an issue; and

- Advising any action needed to cope with changing circumstances.

The Treasurer and Governance

In larger charities it will be necessary to have a committee of the trustee board to deal in more detail with financial and perhaps investment, fundraising and operational management issues. In many cases the Treasurer will chair a finance or resources committee and report back on its work to the full board. Some charities also find it necessary to have subcommittees of the finance committee to deal with pensions and investments. The Treasurer may also be involved in the remuneration committee.

Whatever the structure for governance, the Treasurer needs to be happy that the arrangements are sound from a financial management point of view and that they provide full information to trustees.

The Honorary Treasurer Relationships with the Executive

The Treasurer will have important relationships with the executive, particularly with the Director of Finance. The Treasurer will also have a more distant relationship with the Chief Executive. Chief Executives should ensure that the main interface on financial matters is between the Treasurer and the Director of Finance. However, the Chief Executive and the Director of Finance may meet the board's Chair and Treasurer occasionally to discuss major aspects of the strategy, operational activities and finances of the charity. Where possible, the Chief Executive and the Director of Finance should also attend finance committee meetings.

This resource was kindly donated by the Honorary Treasurers Forum and reproduced here with permission. A longer and more in-depth version can be downloaded from honorarytreasurers.org.uk.