

PARKINSON'S^{UK} CHANGE ATTITUDES. FIND A CURE. JOIN US.

LOCAL FINANCE GUIDE

A guide for all volunteers with
responsibility for local group
financial activity

Introduction

We hope this guide will be a useful and accessible tool for all local finance volunteers in the local group network. It has been revised to include the latest information as of January 2017.

Throughout the guide we refer to branch treasurers and support group finance contacts as [local finance volunteers](#), and we refer to branches and support groups as [local groups](#).

The guide covers the policies and procedures required of local groups to make sure Parkinson's UK meets the legal requirements of the Charity Commission, Office of the Scottish Charity Regulator, accounting standards, Company Law and HM Revenue & Customs etc. These policies and procedures will also enable your local group to meet the Parkinson's UK Local Group Rules (available at parkinsons.org.uk/localgroupresources).

We hope this approach helps every local finance volunteer, whatever their level of experience, to gain a clear understanding of their responsibilities. Some local finance volunteers come from an accounting or bookkeeping background, and may already be familiar with some of the guidance we give, for example around keeping a cashbook. If you do have an accounting or bookkeeping background, please take note of the Parkinson's UK guidance we provide, but do whatever works for you.

This guide is available on our website, along with other documents and resources for volunteers with responsibility for local group financial activity:
parkinsons.org.uk/treasurers

You can get copies of all the documents and templates that we refer to in this guide either on the website above or from your local staff contact.

Don't forget, the Local Networks Finance team is always more than happy to hear from you if you have any queries about your role and your responsibilities.

Email treasurers@parkinsons.org.uk
Call **020 7932 1324**

At Parkinson's UK we strive to be a charity that listens to, and properly involves and consults, people affected by Parkinson's.

We're committed to listening to the needs and views of those using our services. Your views are important in helping us to improve the quality of services that we offer. We welcome your feedback, whether positive or negative.

Email feedback@parkinsons.org.uk
Call the Head of Involvement and Inclusion on **020 7963 3901**
Write to the Head of Involvement and Inclusion at
Parkinson's UK, 215 Vauxhall Bridge Road, London SW1V 1EJ

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1. Local finance volunteers and local groups

1A Local finance volunteers

Local finance volunteers are volunteers who are responsible for the financial activity in a local group. It is a great opportunity to contribute to the work of Parkinson's UK if you have experience of, or are interested in, bookkeeping. It is essential for making sure our local groups run successfully and continue to benefit people affected by Parkinson's in their area. Throughout this guide we refer to branch treasurers and support group finance contacts as **local finance volunteers**.

The following information covers a wide range of eventualities, so at first it may look daunting. But don't worry – everything will be explained clearly. And remember that the Local Networks Finance team is here to support you if you have any questions or queries.

Purpose of the role

1. To record your local group's financial activity accurately.
2. To keep both your local group and UK office informed of your local group's financial position in line with reporting requirements.
3. To provide guidance to the local group on internal control and financial procedures.

Key tasks and responsibilities

As a volunteer responsible for local group finances, you must:

- ensure financial transactions are handled safely and accurate records are kept
- if required, maintain a local bank account(s) in the charity's name, making sure all income is banked upon receipt
- record all local group assets, making sure arrangements exist for their safekeeping
- complete and return Annual Financial Return (AFR) forms in line with the requirements set by the Local Networks Finance team and present the submitted AFR to your local group annually
- make sure all volunteer expense claims are paid in line with the charity's Volunteer Expenses Policy
- make sure there is a smooth handover to the next finance volunteer of all documents and money, including this guide
- attend all meetings, as far as is practicable, and prepare an up-to-date financial report for each one, ensuring it is checked and signed by another lead volunteer if your local group is a branch
- advise your local group on financial policies, internal controls and appropriate use of funds
- make sure financial decisions are agreed by lead volunteers and recorded

Qualities, skills and experience

There is **no requirement** to have any previous financial or accounting experience, although you will find the role easier if you have previous cashbook and spreadsheet experience.

You may find it helpful to use a computer if you have access to one, because our electronic cashbook template (available on the website at parkinsons.org.uk/treasurers) will make your role easier. But this is not mandatory.

Practicalities of the role

Volunteer Support Contact: Your volunteer co-ordinator and Local Networks Finance team.

Location: Your local group.

Anticipated length of role: Minimum one year, and no longer than six consecutive years.

Anticipated time contribution: This will vary depending on the size of your local group. In general, we advise you to allow up to two or three hours per week, keeping your cashbook up-to-date and checking that your bank reconciliation is correct.

At certain times of the year you may need to give more time. For example, when you are preparing a budget for your local group, or when completing your local group's Annual Financial Return at the end of the year. The organisation's financial year runs from January to December.

Training provision

- Your volunteer co-ordinator will give an induction to the role and the charity and ask you to complete the online volunteer induction modules.
- Familiarise yourself with this guide – we hope it covers everything you need to know.
- There are a number of resources available at parkinsons.org.uk/treasurers or by request if you don't have online access.
- All local finance volunteers will be invited to a training session by their volunteer co-ordinator. This may not be straight away, but the guide will help you until you can attend a session near you.
- Your volunteer co-ordinator and the Local Networks Finance team will provide guidance and support.
- In most cases, the previous finance volunteer will be on hand to help with the handover process.

Volunteer expenses

Expenses incurred in your volunteer role should be reimbursed by your group in line with the Volunteer Expenses Policy.

Regulated activities and criminal record check requirements

- All local finance volunteers must be a member of the charity.
- You'll need to supply your volunteer co-ordinator with two references. They can give you more information about what references are appropriate.
- Parkinson's UK does not involve volunteers in regulated activities and therefore does not require volunteers to undertake a criminal record check.
- When becoming an account signatory, banks perform a credit check.
- You cannot be a financial volunteer in a local group if you are declared bankrupt. This information must be disclosed to your volunteer co-ordinator as part of the recruitment and selection process. For more information on the election process, please refer to the Local Group Rules.

For support or advice on volunteering please email volunteering@parkinsons.org.uk or call **020 7963 9328**. You can also ask for a copy of a specific role description if required.

Data Protection

Under the Data Protection Act 1998, Parkinson's UK has legal obligations whenever we handle personal data. This includes someone's name, address, email address, telephone number and date of birth. Under the Act, we need to make sure the information we keep about people is **good quality, relevant, up to date, protected and secure**.

As a local finance volunteer, you may have access to people's personal details, eg membership lists stating if someone is eligible for Gift Aid. For this reason, local finance volunteers must sign a **confidentiality agreement**, which you can get from your local staff contact. For more information about data protection, please see the Local Group Directory at parkinsons.org.uk/localgroupresources

1B Managing the charity's funds

It is important to remember that it is not solely the responsibility of local finance volunteers to make financial decisions on behalf of a local group. In the case of branches, financial decisions must be made by the committee (including the treasurer) and formally minuted. In the case of any other local groups, financial decisions should still be made by the consensus of the lead volunteers and recorded- an email is sufficient.

When you become a finance volunteer, you take on a custodial role and are responsible for the safekeeping of the charity's local funds. These funds must only be used to support the aims and objectives of the charity and for activities within the guidelines provided for local groups. You will find it useful to familiarise yourself with the Local Group Directory and the core components of Parkinson's Links to help inform decisions on good use of funds.

Internal control

Internal control provides reasonable assurance that the aims of the charity will be met, that our financial reporting is reliable and that we are compliant with all applicable laws and regulations.

The internal control for local groups relates to the rules, policies and processes that provide the limits within which a local group can operate and that a finance volunteer should adhere to. These limits are required to ensure the charity’s resources are directed, monitored and measured correctly. Internal control is important in preventing and detecting fraud and protecting the organisation’s resources, including our reputation. They also help us to protect our volunteers.

There are a number of key internal controls a local finance volunteer must remember and apply and they will all be explained in this guide.

1C Parkinson’s Links: for everyone, everywhere

People affected by Parkinson’s have told us what support they need locally to help them feel in control of life with the condition. Parkinson’s Links is a framework to help our local groups, volunteers and staff to determine local priorities – by mapping what is available and working together to fill the most urgent gaps.

This means everyone can access core opportunities and services to empower them to take control.

Parkinson’s Links works by:

- signposting people to existing activities and services
- working in partnership with other organisations
- delivering a service or activity ourselves through staff or volunteers

In every case, we will encourage and support people to make the connections they want to make, in the most convenient ways for them.

Parkinson’s Links Support and activities

The table below lists the support that people affected by Parkinson’s have told us they want to see in their local area. Together these make up the core components of Parkinson’s Links.

To ensure that we use charity money in the most effective way, we have also agreed who should benefit from this support. This is also shown below:

Area of support	Who is this support for?		
	People with Parkinson’s	Carers	Others
Mutual support, ie the opportunity to share experiences with people in a similar situation	✓	✓	
Information, advice and signposting to further help	✓	✓	✓
Befriending	✓	✓	
Exercise	✓	✓	
Therapeutic activity	✓	✓	
Self-management	✓	✓	
Social activity	✓	✓	✓
Financial assistance (local grant funding)	✓	✓	
Listening to views, feedback and needs	✓	✓	✓

People have also told us that they expect there to be a number of different **activities** happening in their local area. These include:

- campaigning
- access to information about, and opportunities to participate in, current research projects
- marketing activity
- fundraising

Parkinson's Links and local groups

Parkinson's UK staff, local groups, local volunteers and other organisations are all involved in providing access to Parkinson's Links. Local groups are already an important part of enabling access to Parkinson's Links. They do this through:

- providing friendship, support and activities that people affected by Parkinson's have told us they need to stay in control
- working in partnership with other organisations to provide this support
- signposting people affected by Parkinson's to the information, support and services available

Helping people to access Parkinson's Links

We know that currently not everyone across the UK is able to find the information, support and services that they need. So local groups, volunteers and staff will work together to make sure that we are providing access to Parkinson's Links for everyone affected by Parkinson's locally.

We do not expect our current local group volunteers to take on any additional work or responsibility unless they want to, and we will work together locally to decide the best way to make Parkinson's Links available.

The Board of Trustees has agreed that our priority now is to focus on providing access to Parkinson's Links locally. This will build on the great things that local groups are doing, and support all of our volunteers to do what they want to do.

We have already identified some gaps between our ambition to make Parkinson's Links available and what people currently have access to. We will work with local groups and volunteers to see how we can best fill these gaps, and to develop tools and resources to support access to Parkinson's Links across the UK.

Local Development Teams

Local Development Teams are being set up to look at how to increase access to Parkinson's Links within local areas.

Each local area will have a Local Development Team of volunteers, people with Parkinson's and local staff. This team will compare what people affected by Parkinson's have told us they need within their local area with what is actually available – including support and activities provided by other organisations.

This will help them to identify the gaps in access to Parkinson's Links and make decisions about how these can be filled.

The Local Development Team's role doesn't stop there – they'll need to oversee the development work to fill these gaps and make sure they improve access to what people have said they need.

2. Getting started

2A Current accounts

As soon as a local group begins to receive funds and make payments, it is important that all funds raised are held in an account in the charity's name. Any money not held in an account in the charity's name leaves the charity, and the individuals concerned, open to allegations of fraud.

Choosing a bank

The charity's funds are not covered by the Financial Services Compensation Scheme, so we wouldn't receive compensation in the event that your chosen bank fails. Therefore, you must choose your bank from the approved list, which you can get from the Local Networks Finance team.

Consider issues such as convenience, reliability and services offered. This information should be available to you locally. Whichever bank you eventually choose must be agreed by your lead volunteers.

Account type

Parkinson's UK is a charity and a limited company. You must notify your bank of this, and open an account that is relevant for an incorporated body. Some charity, community or club and association accounts will not be applicable.

Local groups **must not** have any credit or debit cards associated with their account. All payments should be made by cheque or through dual authorisation internet banking. Local groups must not have, apply for or use, an overdraft or loan. If your local group might become in financial difficulty, please contact your volunteer co-ordinator.

Authorisation from UK office

To request a bank approval letter in order to open an account in the name of the charity, please contact your volunteer co-ordinator, providing the names of the signatories and the address of your chosen bank. The Local Networks Finance team will then send a letter out to you as soon as possible, signed by the Chief Executive.

Completing account application forms

You need to complete bank account application forms from the point of view of the whole charity, as local groups are part of the charity and a legal entity of Parkinson's UK. Forms provided by banks can be difficult to use, so contact the Local Networks Finance team if you have any questions or need any clarification. You should then provide details specific to your local group when asked to provide correspondence details or anything relating to your local group's bank account activity locally.

It is important that you complete the forms using the charity's national details, as follows.

Account name

The operating name of the charity is Parkinson's UK. However, **the legally registered name remains Parkinson's Disease Society of the United Kingdom.**

Therefore, your local bank account name must be:

Parkinson's Disease Society of the UK Group

Your bank should accept cheques payable to either Parkinson's UK or Parkinson's Disease Society. If your bank has any objections, please contact us for a letter of authorisation.

Important information you may be asked

Registered Name:	Parkinson's Disease Society of the United Kingdom
Operating Name:	Parkinson's UK
Registered Address:	215 Vauxhall Bridge Road, London SW1V 1EJ
Legal Status:	Charity & Company limited by Guarantee
Company no.:	00948776
Charity no. (England and Wales):	258197
Charity no. (Scotland):	SCO37554
Business commenced	26/02/1969
Country of registration:	UK
Nature of business:	Providing information and support to people affected by Parkinson's
Number of trustees:	11
2015 annual turnover:	£31.5m
No: of people employed	485

This information is accurate as of January 2017. For up-to-date figures, please either view the Parkinson's UK *Annual report and accounts*, available at parkinsons.org.uk/annualreport, or see the Parkinson's UK page on the Charity Commission website.

Signatories

A signatory is a person authorised to issue instructions on your local group's bank account. Local finance volunteers must give signatories a copy of the guidance regarding their responsibilities and make sure they are aware of the constraints and the rules surrounding the use of funds, internal controls and the Volunteer Expenses Policy. All new signatories from December 2016 are required to provide a reference to their local volunteer co-ordinator.

Local groups must have a **minimum** of three signatories on each account, one of which is the lead finance volunteer. Your bank mandate must state that **your account requires two signatories to authorise any payment**. However, we recommend having at least four signatories. This is helpful if you have signatories who are ill, on holiday or away – you should still have signatories available to make payments.

There are also constraints signatories must know about:

- Signatories must not sign a cheque payable to themselves or a related party.

- If signatories are related, they must not sign the same cheque.
- Signatories must **never sign a blank or partially completed cheque**.
- Lead volunteers should approve all expenditure, and financial decisions must be recorded.
- All signatories must verify the documentation associated with the payment before signing.

A signatory **must** be a member of Parkinson's UK and listed as a member of their local group. It is important to keep the signatories listed on your account up-to-date and in line with the rules and guidance on who can be a signatory. This helps to ensure you have valid signatories available to authorise payments.

If the local group wishes to make any changes to the account these should be agreed by lead volunteers and recorded, and you should let your local staff contact know. You will need to complete the relevant form from your bank and it may require two of the current signatories to approve the change. It's therefore a good idea to take a blank mandate change form (available from your bank) with you to your AGM, so that new signatories can be added as soon as possible.

Banks will require identification for new signatories and may perform credit checks – make sure new signatories are aware of this.

Don't forget: Every financial decision must be agreed by your lead volunteers and recorded.

Bank mandate

The bank mandate is the formal instruction to the bank which, amongst other details, lists the signing arrangements for operating the account. The bank mandate will include a list of the signatories authorised to issue instructions.

If the local group wishes to make any changes to the account, these should be agreed by the lead volunteers and recorded. A copy of all bank mandates should remain with the group's financial records.

Internet banking

You may be asked if you are interested in using an online banking facility. We must follow the Charity Commission guidelines to protect volunteers and the charity's funds, so this is only be allowed in the following instances:

1. If it's possible to open a dual authorisation online account. With such a system, one user can log on and initiate a transaction but a second user must then log on to authorise it from a pending transactions screen.

This provides similar control to having two signatures on a cheque but can be speedier and more convenient as the two users do not need to be at the same computer or available at the same time. Internet banking should be secure provided individuals do not divulge their security details to each other, or anyone else.

Most banks provide dual authorisation systems but there may be a transaction cost for this. Local groups should ask their bank for details of similar products.

To maintain the security over electronic bank accounts these basic precautions should be in place:

- After each transaction, a print-out should be taken (or an archive kept) showing details of the transaction.
 - Print outs (or an archive independent of the bank's online archive) of statements should be retained as part of the accounting records – it's often possible to receive physical paper statements alongside an online account.
 - Make sure all PCs are up to date with anti-virus, spyware and firewall software (the bank may suggest a specific programme for protection).
 - Keep all the password(s) and PIN(s) secret.
2. If you can get 'read only' access to view bank statements or recent transactions, but are not able to make payments (some 'read only' accounts will allow you to move funds between two accounts held by your local group). This will help you keep your records up to date without having to wait for paper bank statements. This may not be explicitly offered, but when setting up a new user for internet banking, you can state that their payment and transfer limit is '0', preventing the user from performing any transactions.

Interest

Some bank accounts will pay a level of interest on their funds, and this will be added periodically. So if you hold a passbook account you will need to get this updated to reflect the interest received.

It is important to record this income under the right heading in the cashbook. As interest will appear on your bank statement, you will need to add it to your cashbook in order to reconcile your cashbook with your bank statement.

Any funds deposited centrally with UK office will earn interest, but we will account for that centrally and can provide you with a statement of funds held on request.

Retaining documents

Keep a copy of the bank mandate (and any updates to this) and all bank statements in a safe place. You should keep the bank mandate for the lifetime of your group, and bank statements for six years and the current financial year.

When a statement arrives, make sure that it follows on from the last one you received. If not, request the missing statement from your bank as soon as possible.

2B Deposit accounts

There are three main reasons for opening a deposit/additional account:

1. Extra income from interest earned.
2. If your local group is building funds for a particular project or purchase, for example exercise equipment to be used at the group meeting, you may find it helpful to hold this in a separate account.
3. Similarly, some local finance volunteers like to hold a separate account for restricted funds.

If you have or require a deposit account, consider whether the funds held locally are being put to the best use for people affected by Parkinson's. For more information, see section [5C Reserves](#) on page 56.

If opening or holding a deposit account, remember to do the following:

- Make sure the bank is aware that, as a registered charity, we are not liable for tax and this should not be deducted from any interest paid.
- If your deposit account has a passbook, make sure that this is updated regularly. In particular, make sure that any interest due is recorded in the passbook at the year end, so that this figure can be recorded on the Annual Financial Return forms.
- Familiarise yourself with section [3B Transfers between your accounts](#) on page 32.

If the local group's current and deposit accounts are held at the same branch, it often makes it easier to transfer money quickly between the two accounts.

[Achieving favourable interest rates](#)

Deposit accounts can be a valuable source of extra income, but currently the returns are very low. Local groups **must not** put money away on fixed-term, notice period or limited access deposits. All local groups can lodge funds with UK office in a centrally held fund in their name, receiving a highly competitive rate of interest. For more information, see section [2D Depositing funds with UK office](#) on page 13.

[Investing funds](#)

Our Investment Committee, made up of trustees and financial experts, is responsible for assisting the Board of Trustees in ensuring that the charity's funds are not put at risk. They meet to discuss major economic changes, and have decided that the charity should restrict its investments to banks with the highest credit ratings and/or with high levels of UK government ownership. For up-to-date information on this, please contact the Local Networks Finance team.

The Investment Committee also carefully manages our centralised banking and portfolio of investments to ensure that the charity's funds are both secure and working to achieve the best rate of return. Investing the charity's funds at a local level (in stocks, shares, investments etc) is both risky and unlikely to result in a high rate of return.

Therefore, local groups **must not** invest funds in anything other than with a bank from the approved list which you can get from the Local Networks Finance team.

[Shares](#)

No local group should hold or purchase shares. If you are gifted shares please contact the Local Networks Finance team immediately to arrange their sale.

[2C Support groups and sub groups](#)

[Support groups](#)

The Board of Trustees set a limit on the level of funds that support groups can hold locally. The **amount held locally must not exceed £2,000** (as at December 2016).

Any excess money must be forwarded to UK office, with two options:

- Transfer any excess funds towards centrally funded local activities.
- Deposit any excess funds in an account held centrally on your group's behalf.

Sub groups

Where a branch has a sub group (the setting up of which is subject to the approval of the country director or England manager), the finance volunteer of the parent group is responsible for the funds held and used by the sub group. This includes the responsibility for:

- accurately recording all financial activity
- keeping both the parent group and UK office informed of the sub group's financial position
- providing guidance to the sub group on internal control procedures

Sub groups **must not** have their own bank account.

2D Depositing funds with UK office

It is possible to deposit funds with UK office which can be transferred back to you at any time, in any amount, and statements are available on request.

Benefits of depositing funds centrally include:

- Interest – we are able to offer a highly competitive interest rate (currently 0.5% – contact the Local Networks Finance team for an up-to-date rate).
- Security – the charity's funds are not covered by the Financial Services Compensation Scheme, so it is essential that our funds are secure and our Investment Committee ensures that all central funds are held in safe banks.

Send in a cheque made payable to Parkinson's UK, letting us know that you would like us to hold these funds for your local group.

To request these funds be transferred back to your local group, please send your request to the Local Networks Finance team. Payments are made weekly, so a transfer back to your local group's authorised charity account shouldn't take long.

Support groups will need to provide a bank statement to confirm that a requested transfer will not cause them to exceed the limit they can hold locally.

2E Use of funds

As a charity there are restrictions on what sort of things we can and can't use money given to us to fund. In local groups, the appropriate use of funds is the responsibility of all lead volunteers, not just the finance volunteer, but they can advise on this.

It is essential to remember that all funds held by Parkinson's UK have been accepted with the understanding that **they will be used to help people affected by Parkinson's, and to further the charity's aims and objectives**. As such, it is important to consider whether your local group is spending its funds in the most appropriate and beneficial way.

Any expenditure planned by your local group should be reviewed in light of the following documents:

- Local Group Rules.
- Local Group Directory.
- The Memorandum and Articles of Association for the charity – legal document defining the charity’s area and scope of operation.
- This guide.

Your local group should also consider if the expenditure will help the charity meet our goals, as set out in section [1C Parkinson’s Links: for everyone, everywhere](#) on page 6, particularly in helping to provide access to the components of Parkinson’s Links.

If you or your local group is uncertain whether expenditure is appropriate, please contact your volunteer co-ordinator or the Local Networks Finance team.

Inappropriate use of funds

See the following table for a number of commonly discussed uses of funds that are considered inappropriate. Please note, this is not an exhaustive list.

Staff	Local groups must not employ staff, including, but not limited to, Parkinson’s nurses.
Donations to other charities	Making donations to other charities is not permissible. However, this is distinct from groups making payments to other charities in return for goods and services, such as paying to use a hall to hold a meeting.
NHS or statutory services	Local groups must not make donations to the NHS or Parkinson’s nurses directly. Responsibility for negotiating and ensuring terms of nurse services rests with the Service Improvement Programme Manager, so please forward all enquiries to UK office. Local groups should not be paying for statutory services either.
Research <i>not</i> via national office	Local groups must not commission research or donate directly to a research team. All the research that Parkinson’s UK supports must go through our rigorous review process under the terms of our membership to the Association of Medical Research Charities (AMRC) before funds can be awarded. If you wish to transfer an amount to research, you can, via UK office. If your local group would like to support a specific project you can do this for transfers in excess of £2,000. Please contact the Research team for more information at rsn@parkinsons.org.uk
Investments	Local groups must not have investments of any kind.
Buildings, vehicles etc	Local groups must not purchase buildings, vehicles, caravans, holiday homes etc.

Charging for local group activities

Currently there is no guidance around charging for local group activities. Your local group may decide to charge for local group activities, but this must not exceed what is reasonable to cover the costs. Consider if it is a good use of funds to charge *nothing* for activities – consider subsidies. You should only subsidise costs for people with Parkinson's and their carers, whether they are members or not. However, your decision to provide a subsidy may be influenced by how many people are accessing an activity provided by your group and how much the group can afford to subsidise so that this is equitable.

Purchases

Some local groups may make purchases for their group, eg a PA system or exercise equipment for group meetings or a marquee for events. It is important that anything over a £100 is entered into your asset register, you can find more information about this in section [4F Equipment](#) on page 49.

3. Up and running: the essentials

3A Keeping track of money

It is essential to keep an accurate and up-to-date cashbook to record all income and expenditure, whether by cheque, cash or transfer. It is essential to meet the regulations for charity and company accounting and will make your role easier.

You cannot rely on bank statements for this information. Although they will show dates and amounts, there is no breakdown of the amounts banked or paid, they do not record the purpose and they do not account for petty cash transactions. Keeping a detailed cashbook ensures that all income and expenditure is recorded and accounted for.

Using the cashbook template provided will mean that we are much better placed to assist you, both in getting started and with problem solving. It will also make the Annual Financial Return process easier for you.

An electronic version (which is an Excel workbook) is available on the website at parkinsons.org.uk/treasurers. You can also request this by email from the Local Networks Finance team. It will automatically fill in a summary financial report for the year to date financial position of your local group, which can be printed off to provide a convenient report for updating your local group's lead volunteers. It will also calculate the adjusted balance based on uncleared expenditure and income, easing the bank reconciliation process.

If you have experience in accounting or bookkeeping, you may already have software that you prefer to use. As long as you adhere to Parkinson's UK reporting guideline requirements in section [3F Reporting](#) on page 40, you can use whatever works best for you to keep your cashbook.

Downloading Open Office

If you don't have Microsoft Office (Excel, Word etc) but would like to use our electronic templates you can download a suite of software called Open Office for free. Open Office will enable you to use our templates fully and hopefully make your life easier. Visit www.openoffice.org

In order to download the Open Office spreadsheet software, Calc (their version of Excel), you have to download the whole suite (including equivalents for Word, PowerPoint, Access etc). You will then be able to use our combined cashbooks and reports template.

If you have any concerns at all with installing this software please contact the Local Networks Finance team who will be able to help.

Keeping a cashbook by hand

If you prefer to keep a cashbook by hand, you can request a paper version from the Local Networks Finance team, but do remember that this will make it harder to look up information. You must also manually check that all amounts have been entered and totalled correctly.

Our electronic cashbook will total automatically and carry forward figures. To check totals by hand requires a process called 'cross casting' which is detailed on page 23. Keep in mind that you will also be required to produce summary reports of financial activity, and this will be time consuming if you're working by hand. For a branch, we advise that you feed back at all committee meetings.

We try to make the cashbook as easy to use as possible, both electronically and by hand, but if you wish to suggest changes or add more detail to the template, please contact the Local Networks Finance team.

Do I need more than one cashbook?

The instructions in this guide are based on using **one main cashbook** (with separate income and expenditure sheets) covering all bank accounts and petty cash. This is our recommended method of keeping a cashbook as it simplifies the reporting process, but other options you may wish to consider include:

- keeping a cashbook for bank account(s) held, and a separate petty cashbook
- keeping one cashbook for unrestricted funds and one for restricted funds
- keeping one cashbook for all bank accounts and petty cash
- some combination of the above

If you use one cashbook and have multiple accounts, you will need to monitor each account's balance to make sure you have sufficient funds available.

Recording income

If a donor requests a receipt for their donation, we are legally required to provide one. Receipt books are available at most stationary stores. Please ensure these are used, as they contain all legal information required.

It is also necessary to keep documentation that comes in with anything you receive to help you identify it later. Examples of documents worth keeping are:

- signed cash tally sheets
- letters stating the donation be used for a specific purpose
- remittance advice
- receipts

In the template cashbook provided (see example in Fig 1), you should record the following:

- **Date** you receive the cash/cheque.
- **Name** of donor and/or **details** of event associated with the income, or internal document reference number.
- Paying-in slip **reference number**.
- Whether the amount has **cleared** the bank (reflected on your bank statement).
- Whether the income has been **restricted** for a specific activity by the donor.
- Income **amount** under the relevant heading(s). When using the electronic version the **Total** column will populate automatically.

Fig 1 Sample income cash sheet (the 'Income breakdown' section of this cashbook has been shortened for ease of illustration)

<i>Identifying details</i>					<i>Income breakdown</i>				
Date	Details	Paying-in Slip number	Cleared bank	Restricted	Total (do not type in shaded area. total calculates automatically)	Membership collected locally for group	General donations	Fundraising	Outstanding items
dd/mm/yy			(Y or N)	(Y or N)					
21/05/2015	John Smith	123456	Y	N	50.00		50.00		-
02/06/2015	S Price	123457	N	N	20.00	5.00	15.00		20.00
09/06/2015	Collection	123459	N	N	98.76			98.76	98.76
					-				-
					-				-
	Totals	£			168.76	5.00	65.00	98.76	118.76
	Total current year receipts less transfers between accounts (£)				168.76				
	Accounting Form 1				AFR row:	2	7	8	

As you can see, keeping a cashbook allows you to record information relatively simply. On the left you record all identifying details, and on the right you provide a breakdown of where the money has come from by putting it under the relevant heading.

The cashbook should record each item you have received separately. For example, in Fig 1, you would not combine on one line John Smith's general donation and the collection, even if they were paid in on the same day.

You may also get one cheque for two different purposes (commonly, a subscription for the local group with an additional donation). In this case, the separate amounts should be entered under the relevant headings in the right-hand income breakdown. The column titled 'Total' should add these together.

Cleared bank income

Once your bank statements arrive, cross-reference the amounts on the statement with your cashbook. Update the 'Cleared bank' column with a 'Y' for any items that appear on your bank statement. This will be essential for your bank reconciliation.

In [Fig 1](#), May's statement has arrived showing the £50 has cleared the bank, so there is now a 'Y' in the 'Cleared bank' column. In the electronic version of the cashbook this cleared entry no longer appears in the 'Outstanding items' column.

However, we haven't received June's statement yet, so it is unknown whether the subsequent two amounts have cleared the bank or not.

If keeping a cashbook by hand, there is no need to enter an 'N' here, simply mark off with a 'Y' or a tick when the item does clear the bank. In the electronic version of the cashbook the income and outstanding items feed into the bank reconciliation of the financial report page.

Restricted income

It is a legal requirement to record whether income is restricted. For more information, see section [4A Restricted funds](#) on page 41.

Income – Cashbook Advice

Below is a breakdown of the different headings on the income sheet of our cashbook, along with a description of what would be classified under each heading. We have also included the row number these correspond to on the Annual Financial Return (AFR).

Cashbook title		AFR Row	Description and examples
Transfer from deposit/petty cash account		N/A	Any money moved out of the deposit account, or the return of a cash float.
Money received for forwarding to UK Office		1	Any donations received by your local group for use by UK office eg membership for Parkinson's UK or funds raised by individuals where they want the money to go to UK office (for research etc).
Membership collected locally for group		2	Membership of your local group.
Local group membership and donations received from UK office	Membership and donations	3a	All membership and donations received via UK office (excluding legacies and Gift Aid); including the return of <i>donations</i> in Gift Aid submissions.
	Gift Aid	3b	Any Gift Aid <i>tax</i> claimed by UK office and returned to your local group. This is listed in your quarterly donation reports.
Grants		4	Any grants received by your local group directly, eg Big Lottery or your local authority.

Legacies received directly By local group		5	If you directly receive a legacy, please contact the Local Networks team at localnetworks@parkinsons.org.uk to arrange to forward it back to UK office. If there is an exceptional circumstance where the legacy is banked locally, please list here.
Legacies received via UK Office		6	Legacies paid to your local group via UK office.
General donations		7	Donations or gifts given directly to your local group, including income from Trusts, individuals and companies (eg donations from individuals or organisations not related to events or other fundraising activities).
Fundraising		8	Any event that is held to raise funds (eg collections, raffles, sponsored walks/ runs/ sky dives, auctions of goods, concerts, quiz nights, tea afternoons, cake sales, jumble sales, fairs etc). Please remember to record all income and expenditure from fundraising separately; do not just record net proceeds in income.
In memoriam donations and funeral collections		9	Donations given by friends and family in memory of a person who has died. Note: if it has been requested that the money raised is to be passed to UK office, this should be included under the heading 'Any money received for forwarding to UK office' (AFR row 1). If you receive in memoriam donations that were paid directly to UK office, these will be paid back to the group in the quarterly payment run and should be under the heading 'Local group membership and donations received from UK office – Membership and donations' (AFR row 3a).
Group activities	Social activities/ meetings	10a	Income collected from attendees for local group meetings eg refreshments.
	Exercise activities	10b	Income collected from attendees for exercise or therapeutic activities.
	Therapeutic activities	10c	
	Holiday/outings	10d	Income collected for holidays or outings eg a trip to the seaside, theatre.
Interest on bank balances		11	Any interest earned on bank accounts or other deposits held by your local group.
Transfers from other Parkinson's UK groups		12	To ensure we do not double count, please list any money you receive from other Parkinson's UK local groups here.

Other items	13	Any other income you cannot categorise elsewhere. Please make a note of high-value income, as details need to be provided on the Annual Financial Return.
Sale of purchased items inc. Parkinson's UK Sales Ltd items	14	This includes the money received from selling any items purchased from Parkinson's UK Sales, eg Christmas cards, T- shirts.

Recording expenditure

In the template cashbook provided (see Fig 2), you should record the following:

- **Date** payment was made.
- **Details** relating to expense including name of payee.
- **Cheque number** or state if from petty cash.
- Whether the amount has **cleared** the bank (if from petty cash this will always be 'Y').
- Whether the payment is from a **restricted** fund or not.
- Expenditure **amount** under the relevant heading(s). When using the electronic version the **Total** column will populate automatically.

Fig 2 Sample expenditure cash sheet (the 'Expenditure breakdown' section of this cashbook has been shortened for ease of illustration)

<i>Identifying details</i>					<i>Expenditure breakdown</i>				
Date dd/mm/yy	Details	Cheque Number	Cleared bank (Y or N)	Restrict ed (Y or N)	Total (do not type in shaded area)	Group activities, meetings, holidays etc.		Admin (e.g post & stationery)	Outstanding items
						Meetings	Activity sessions		
01/05/2015	Exercise Class - Jim White	100023	Y	N	90.00		90.00		-
28/05/2015	Speaker's Fee - N Oodle	100024	N	N	30.00	30.00			30.00
05/06/2015	Expenses - John Smith	100025	N	N	14.57	5.67		8.90	14.57
					-				-
					-				-
	Totals	£			134.57	35.67	90.00	8.90	44.57
	Total current year payments less transfers between accounts (£)				134.57				
	Accounting Form 2				AFR row:	19a	19c	24	

As with the income sheet, you should record identifying details on the left, and use the right to break down expenditure by type, using the relevant heading. It is important to record each payment separately and in order of date paid. It is also important to identify the cheque number, because this will appear on the bank statement when the cheque clears.

You may make a payment for multiple purposes. For example, in Fig 2, committee member John Smith claimed expenses for travel to a committee meeting and stationery items. Rather than writing two cheques, you can write one cheque and record the individual amounts in the expenditure breakdown under the relevant headings.

Cleared bank payments

As with income, check the amount on your bank statement matches your cashbook. Update the 'Cleared bank' column with a 'Y' for any items that appear on your bank statement. This will be essential for your bank reconciliation.

For example, in Fig 2, May's statement has arrived showing the £90 has cleared the bank, so there is now a 'Y' in the 'Cleared bank' column. In the electronic version of the cashbook this cleared payment no longer appears in the 'Outstanding items' column. However, we haven't received June's statement yet, so it is unknown whether the subsequent two amounts have cleared the bank or not.

As with cleared income, if keeping a cashbook by hand, there is no need to enter an 'N' here; simply mark off with a 'Y' or a tick when the item does clear the bank. In the electronic version of the cashbook, the expenditure and outstanding items feed into the bank reconciliation of the financial report page.

Outstanding items

There may be some items that do not clear the bank for a number of months, if at all. An uncleared item is any entry on your cashbook that has not been reflected on your bank statement. If an item remains uncleared after two months or more, please see the advice below.

Uncleared deposits: It is rare for a deposit to remain uncleared for an extended period of time. If this occurs please contact your bank.

Uncleared expenditure: If a payment has not cleared your bank after a period of months it is advisable to chase up the payee and encourage them to bank the cheque.

If six months elapses after the cheque was issued, and chasing has proved unsuccessful, we would recommend cancelling the cheque and writing off the expense. To cancel a cheque simply contact your bank and request it be cancelled, giving the cheque number and amount. To write off the expense in your cashbook, see Fig 3. You can see that we make the same entry as the original cheque, but with a negative amount. This nets the payment to zero.

Fig 3 Sample expenditure sheet showing how to write off an uncleared cheque payment after six months

Parkinson's UK Treasurer's Cash Book		PAYMENTS			Total (do not type in shaded area)	Group activities, meetings, holidays etc.		Outstanding items
Date	Details	Cheque Number	Cleared bank	Restrict ed		Meetings		
dd/mm/yy			(Y or N)	(Y or N)				
28/05/2015	Speaker's Fee - N Doodle	100024	N	N	30.00		30.00	30.00
02/12/2015	Cancelled cheque - Speaker's Fee (28/05/2015)	100025	N	N	- 30.00	-	30.00	- 30.00
					-			-
					-			-
	Totals	£			-	-		-
Total current year payments less transfers between accounts (£)					-			
Accounting Form 2					AFR row:	19a		

Expenditure – Cashbook Advice

This is a breakdown of the different headings on the expenditure sheet of our cashbook, along with a description of what would be classified under each heading. We have also included the row number these correspond to on the Annual Financial Return (AFR).

Cashbook title		AFR Row	Description and examples
Transfer to deposit/petty cash account		N/A	Any money moved into the deposit account, or drawn down for petty cash or a cash float.
Money forwarded to UK office		15a	Any donations received at your local group that are not intended for local group use and have been passed to UK office (eg a donation from an individual for research given to your local group must be forwarded to UK office). Note: this should correspond with the Income heading 'Money received for forwarding to UK office' (AFR row 1).
Donations sent to UK office for Gift Aid reclaim		15b	Any local group cheque sent to UK office with the intention of claiming Gift Aid, eg donations that you are submitting to claim Gift Aid. When returned to your local group this will be included under the Income heading 'Local group membership and donations received from UK office – Membership and donations' (AFR row 3a).
Group transfers to UK office	Research	16a	Transfers made by your local group for research.
	Improving services	16b	Transfers made by your local group for service improvement, eg campaigning, Parkinson's nurse grants and training bursaries
	Within our region/country	16c	Transfers made by your local group for local activities.
	Other	16d	Transfers made by your local group to be used where the need is greatest, or monies sent to UK office to be held on behalf of your local group.
Payments to other voluntary Organisations		17	Donations to other voluntary organisations or charities should not be made, but payments for services rendered are acceptable. For example, paying a charity representative's speaker's fee is allowed, but would be categorised under the heading 'Group activities – social activities/meetings' (AFR row 22a)

Fundraising		18	Any costs incurred in the running of fundraising events (eg venue hire, entertainment, volunteer expenses relating to a fundraising activity etc). Remember to record all income and expenditure from fundraising separately; do not just record net proceeds in income.
Campaigning		19	Any costs incurred while undertaking campaigning activity, eg travel expenses to local CCG meeting on behalf of local group.
Marketing		20	Any costs incurred while undertaking marketing activity, eg leaflet printing.
Research activity		21	Any costs incurred while providing research activity, eg research talk.
Group activities	Social activities/ meetings	22a	Any costs incurred by holding local group meetings, eg venue hire, refreshments, speakers' fees, transport etc.
	Exercise activities	22b	Any costs incurred by holding exercise or therapeutic activity, eg instructor fees, venue hire etc.
	Therapeutic activities	22c	
	Holidays /outings	22d	Any costs incurred in providing holidays or outings, eg transport, entry fees etc.
Support for Individuals		23	Any equipment that will provide support, or specifically purchased for individuals, eg walking frames; any activities that provides a break for a carer (providing a relief from their responsibilities) or a supportive environment, eg Crossroads scheme; any other individual support related costs, eg cost of a taxi. We will be providing further guidance around this.
Admin (eg stationery and postage)		24	Any expenses for postage, newsletters etc required to run your local group.
Group governance (committee meetings and related volunteer expenses)		25	Any expenses incurred in running the committee or leading the local group eg mileage, meeting refreshments.
Transfer to other Parkinson's UK local groups		26	To ensure we do not double count, please list any payments to other Parkinson's UK local groups here.
Other items		27	This is where you should note the purchases or any other expenditure you cannot categorise elsewhere, eg branch equipment, computer for committee.
Cost of purchasing items for resale		28	This includes any items purchased from Parkinson's UK Sales, eg Christmas cards, T-shirts.

Restricted expenditure

It is a legal requirement to record whether expenditure is from a restricted fund. For more information, see section [4A Restricted funds](#) on page 41.

Cross casting

Cross casting is a method of checking that any addition is correct, either in your cashbook or anywhere else you may be totalling different columns (eg on cash tally sheets). It's relatively simple, so don't be put off by the name. You only really need to do this if you are keeping your cashbook by hand.

With regards to your cashbook, this process should always be completed when you finish an income or expenditure sheet, but can be done periodically as required. In order to check that the figures and addition have been entered correctly, all we need to do is check that the totals of the income breakdown section are the same as the overall 'Total' column.

Fig 4 Cross casting

Date	Details	Paying-in Slip number	Cleared bank	Restricted	Total (do not type in shaded area, total calculates automatically)	Membership collected locally for group	General donations	Fundraising	Outstanding items
dd/mm/yy			(Y or N)	(Y or N)					
21/05/2015	John Smith	123456	Y	N	50.00		50.00		-
02/06/2015	S Price	123457	N	N	20.00	5.00	15.00		20.00
09/06/2015	Collection	123458	N	N	98.76			98.76	98.76
					-				-
					-				-
	Totals	£			168.76	5.00	65.00	98.76	118.76
	Total current year receipts less transfers between accounts (£)				168.76				
	Accounting Form 1				AFR row:	2	7	8	

To do this, check that the addition in the Total column is correct (see black arrow).

Next, add up the totals for each heading in the income breakdown (see red arrow) and check that it is the same as the overall Total. In the above example, we are checking:

50.00			
+			
20.00	=	5.00 + 65.00 + 98.76	
+			
98.76			

If these two amounts don't equal each other, check that for each row the figure in the Total column is the total of the individual items in the income breakdown for that row eg for 'S Price' $5.00 + 15.00 = 20.00$. Secondly, check that the totals for each column/heading in the income breakdown are correct (see cyan arrow).

If you are starting a new sheet in your cashbook, once you have confirmed that your total figures are correct, you can enter these at the top of the next sheet. In this way, the totals from whichever sheet you are currently working with will always give your totals for the year. Conversely, you may wish to start a new sheet on a monthly basis, keeping the totals for each month separate.

Closing a cashbook off for a year

It is important to close off your cashbook at the end of a year, and begin a new one for the year ahead. To do so, you need to perform a successful bank reconciliation as at 31 December, calculating the total of any uncleared expenditure or income. If your bank statement lists transactions after 31 December, these items of income or expenditure must still be listed as uncleared for the year end bank reconciliation.

Your signed year end bank reconciliation, which can be found in the cashbook, and the AFR should be kept in the group's financial records, filed under the relevant year.

Uncleared bank items at the year end

When starting a cashbook for a new year, the opening cashbook balance will account for any items uncleared at the year end. Usually, uncleared items will be reflected on the first statement of the year, allowing you to reconcile your bank statement with your cashbook.

If any uncleared items from the previous year are not reflected on your first statement your cashbook will not balance with your bank statement by this amount. As soon as the payment does clear this will rectify itself and you will be ready for the year.

You will find it helpful to keep an up-to-date list of any individual items of expenditure or income which were uncleared at the year end because these items should not be re-entered into your cashbook when they appear on your bank statement.

If an item is uncleared for more than six months, see [Outstanding items](#) on page 21.

Starting a new year

You must open a new cashbook at the start of each new calendar year, and you will require an opening 'Start of year' cashbook balance. If you use either the paper or electronic version of our template this will be your 'Cashbook balance at 31 December' (Financial report - D) from your bank reconciliation for the prior year.

If you are using our cashbook templates for the first time we have set up a few templates to help you establish your opening cashbook balance.

- If you are using the electronic version of our cashbook, simply complete the 'Start of year' sheet of the electronic combined cashbook and report. This adjusts your bank and cash balances for your reconciling items.
- If you are using a paper template, simply complete the 'Start of year' section on the 'Parkinson's UK bank reconciliation'.

The 'Start of year' section duplicates your year-end bank reconciliation from the previous year, and will provide you with an opening cashbook balance for the year. The most common error made is using a bank balance from your bank statement as your 'Start of year figure'.

Banking income (cheques/cash/electronic transfer/CAF vouchers)

It is important to bank cash and cheques as soon as possible because this will ensure that all monies are secure. It will give the donor peace of mind and increase the chances of the funds clearing successfully. If your local group has a high level of activity you should bank as frequently as possible. It is good practice to bank at least on a weekly basis.

Cheques

It is important to verify that cheques have been filled in correctly when you receive them. You must never attempt to amend this information yourself, because changes to cheques can only be made by the donor.

When collecting cheques, you may wish to write a short note on the back to help you identify who gave it to you and why. This will not affect your ability to cash the cheques but it will be helpful when you are putting the information into your cashbook **before** banking the money.

Cash

It is important to bank all cash you receive as soon as possible. Do not use any cash received to make payments as if it were petty cash. It is important to record income gross, not with expenditure already deducted. Banks will be able to provide cash bags to make the paying in process more simple.

Paying in at the Post Office

You can deposit money and cheques into most major bank accounts at the counter in most Post Offices. This may be convenient if you don't have a branch of your bank near you. Please check with your local Post Office about this service.

Electronic transfer

Donors may wish to make a donation to your local group using an electronic bank transfer. You will need to provide your sort code, account number and, in some instances, which bank you hold your account with. As this is potentially sensitive information it is advisable only to provide this to individuals or organisations you are familiar with.

The donor will be prompted to provide a reference for the payment, and this should appear on your bank statement. To help you identify what the funds are and where/who they came from, we would recommend that the donor includes their name and any other information you would find helpful.

CAF vouchers

The Charities Aid Foundation (CAF) is used by some donors to make donations. The donor will put money they want to donate into a CAF account and CAF will add Gift Aid to this. The donor can then pay those funds to a charity by sending them a voucher, single payment or standing order. Other organisations that operate with a similar process to CAF include KKL, Charities Trust and Stewardship.

CAF vouchers cannot be presented at your bank. Send the vouchers to the Supporter Services team at UK office to be processed; the funds will be returned to your local group in the relevant quarterly payment run. Please fill in the charity name and number (258197 and SCO37554) before sending to UK office for processing. Attach a note clearly stating the name of your local group and that the funds should be returned to your local group.

The income relating to vouchers should be entered into your cashbook when you receive the funds in your quarterly payment run.

Don't forget

Amounts received by CAF voucher already have Gift Aid claimed on them, so no further claim can be made against donations of this kind. Also, these vouchers must only ever be considered as a donation (which may include sponsorship or in memoriam donations), and cannot be accepted in exchange for goods or a service. For example, they must not be accepted to cover:

- any kind of raffle ticket
- entry to an event
- any other payment for which the donor receives a benefit

If you are in any doubt about whether a voucher can be accepted for a particular use, please contact the Local Networks Finance team for clarification.

Paying-in slips

Many banks will provide you with a paying in book, which is a collection of numerically sequenced paying in slips. When you make a deposit, the paying in slip number should be reflected on your bank statement. Please use this book if you have one, because it will enable you to make notes on the stubs, and easily identify deposits on your bank statement.

Other banks provide blank paying in slips, and will only include the date and amount of deposit on your bank statement. In this instance, we strongly advise keeping a record of the date and amount at the time of deposit to help you identify amounts on your bank statements later.

You should keep all paying in books, stubs and receipts.

Card payments

Local groups must not accept credit or debit card payments. If you receive enquiries from donors about making payments by card, please direct them to our website at **parkinsons.org.uk** where they can make donations online. They can also donate by calling our Supporter Services team on **0800 138 6593**. If they would like the donation to go to your local group please ask them to state this at the point of donation.

Major gifts

A major gift is funding from a charitable trust or government organisation, or a gift of £1,000 or more from an individual. You can claim Gift Aid on individual donations as long as they haven't given the gift from their own personal or family charitable trust, or if it is a culmination of money raised for an event. For more information, see section **4C Gift Aid** on page 45.

The Major Gifts team are happy to advise you on any part of your major gifts fundraising – they are experienced in handling relationships with major donors, and can work with you to help generate more donations.

What to do when you get a major gift

If you receive a major gift make sure you keep copies of all correspondence, including a copy of the cheque if there is one. Having the paperwork available will be really useful in the case of any queries in the future.

Don't forget to thank the donor. There are several ways to do this:

- In person, if they handed the donation to you personally, or you see them soon afterwards.
- A phone call is a quick way to let the donor know their donation has arrived.
- A thank you letter is almost always needed. Most organisations will require an official receipt, and a thank you letter can act as one if it mentions the gift amount.

Organisations (charitable trusts and government organisations)

A charitable trust is a charity that is set up as a funding organisation, to fund the work of other charities. Government organisations such as local councils or the Big Lottery Fund (including Awards for All) can also give grants.

Many organisations give funds towards specific projects that you do (such as exercise classes). If they have given towards a specific project, this is 'restricted income' and can only be used for that purpose. For more information, see section [4A Restricted funds](#) on page 41. If the funds are not used for the right purpose then the funder has the right to ask for the money back.

Funding from any government organisation is classified as a 'grant' and needs to be recorded as a grant in your records and in your Annual Financial Return. Sometimes other funders (like charitable trusts) call their funding a grant, but only funding from government organisations is classified as a grant in this way.

Unfortunately, we cannot claim Gift Aid on any funding from a charitable trust or organisation.

Building the relationship and reporting back to the donor

One of the best ways to help secure funding in the future is to build a good relationship with a major donor, whether this is an individual donor or an organisation. One very good way to do this is to report back after funds have been used. This is a requirement for most organisations that give funds, so it is a good idea to keep records of the project or activity as it happens, to make this easier.

Always include information about the difference the project has made to the lives of people affected by Parkinson's, and it's always nice to include a quote or two from people who have directly benefited.

If you need any help you can contact the Major Gifts team by emailing majorgifts@parkinsons.org.uk – they will be happy to support you.

Gifted items

Your local group may be gifted an item, such as an antique, to be sold to raise funds. These items are gifted to Parkinson's UK on the understanding that that proceeds from their sale will be used to support people affected by Parkinson's in pursuit of our vision. It's important to ensure that the best possible outcome is achieved from selling gifted items.

What to do when you receive a gifted item?

When your group received a gifted item or donation, this should be shared with your committee at the next meeting or with the groups other lead volunteers at the next available opportunity. This, and the agreed course of action for sale or raffle of the item, should be minuted or recorded.

If approached by a donor before being gifted an item, groups should advise the donor to sell items themselves and donate the money to the group. If the donor doesn't want to do this, your group should define the donor's expectations regarding the value of the gift and what will happen to it (eg whether it is to be sold, raffled etc) before they receive the items.

If your group believes the gift to be worth over £100, you should seek reputable advice regarding the value of the items and the most effective way to achieve the best return. If there is a significant discrepancy between this valuation and the donor's expectations you may want to go back to the donor to explain this and confirm whether they are happy to proceed on this basis.

Ensure to record any financial transactions/income arising from sale of item. The Local Networks team will be able to help if you are unsure – contact them at **localnetworks@parkinsons.org.uk**.

Thanking donors

With any donation or gifted item, it is courteous to thank the donor, no matter what the size. It is good practice to write to them rather than email them, and to do so on Parkinson's UK headed paper.

Making payments

Outward payments should be made by cheque or electronic transfer. All cheques must be signed by two signatories, and any payments online must be authorised by signatories using a dual authorisation banking system. Where dual authorisation internet banking is not available, we require local groups to make payments by cheque.

Local groups must not set up Direct Debits, or have credit, debit, fuel or store cards related to their local group's account.

Invoices and receipts

When paying a bill, always ask for an invoice and attach the receipt. Record the cheque number and date paid on the invoice/receipt, as this enables you to match up your bank statement, cheque book and payment documents.

All payments must be evidenced by documentation, such as an expenses form with receipts attached or an invoice with a receipt. Wherever possible, reserve payments until goods or services have been delivered.

In circumstances where it is impossible to get a receipt (eg a toll charge) a note should be created to attach as documentation, listing the details of the expenditure. This absence of a receipt should be shared with your lead volunteers. Payments should have been agreed by lead volunteers in advance of expense anyway.

Writing a cheque

Banks recommend a few basic precautions when writing cheques:

- Write the cheque in pen.
- Write the payee's name as fully as possible, avoiding abbreviations (to avoid alterations or misinterpretations).
- Start writing as close to the left-hand side of the cheque as possible to avoid anything being added.
- Similarly, strike through any blank spaces once you have finished to avoid anything being added.
- If a cheque is reported missing, always stop the cheque at the bank before issuing a replacement. Some banks may charge for this.
- Cheque books should always be kept in a secure location.

Make sure that signatories are aware of their duties and responsibilities and are familiar with the guidance before signing cheques.

What if a supplier won't accept a cheque?

This situation is generally avoidable if you plan ahead. Check with the supplier or venue if they accept cheque payments before you order or book anything. If they do not, you should ideally look for an alternative supplier or venue, because there is no ideal alternative to paying by cheque.

If you can't pay by cheque and cannot find another supplier or venue, your lead volunteers will need to approve a course of action. For example, withdrawing cash from the local group account. This will need to be organised in advance as two signatories will be required to authorise this and you will need to make a trip to the bank. You should consider and mitigate any risk involved here as a local group, especially any potential risk to the member carrying the cash.

If a member offers to pay the expense and then make a claim through expenses, your lead volunteers should make sure they are aware of the exact amount involved and ask them to make sure that they will not incur any fees or suffer any hardship because of this. If agreed by your lead volunteers, you should then ensure the member is reimbursed as quickly as possible.

Please consider the implications these options place on our volunteers –first in terms of our exposure to theft or fraud, and second in terms of the burden placed on the out-of-pocket volunteer. Always ensure all documentation and receipts are retained and recorded in the normal manner.

VAT advice

Parkinson's UK is not VAT registered, so we cannot reclaim any VAT that we pay. However, there are a number of items where local groups may be entitled to a VAT exemption. These include:

- advertising and any associated artwork
- aids and equipment for those affected by Parkinson's

In order to claim our exemption from VAT, we need to give the supplier a certificate detailing the goods being purchased and the relevant section of the VAT legislation that applies: this must be provided prior to payment. VAT certificates should be signed by the Director of Finance, IT and Performance.

If you think that something you are buying might come into one of the categories above, please contact the Local Networks Finance team for a VAT exemption certificate.

To provide you with more information on what may be included in each category we have included below excerpts from the guidance provided by HM Revenue & Customs on their website. You can find out more by visiting the website at www.hmrc.gov.uk/vat

Category	HMRC explanation	Example
Advertising and any associated artwork	“Your charity can advertise VAT-free in any medium that communicates with the public, such as a newspaper or television, providing the advert is placed on someone else's time or space. ... The VAT relief does not cover costs for advertising in your own media - for example in your charity’s own magazine, on your own website, or on your own T-shirts etc.”	Advertisement in local newspaper for local group meetings/activities
Equipment	“If your charity is purchasing certain goods and services to make available to disabled people for their personal or domestic use they can be zero-rated.”	Weighted cutlery, laser canes for a specified individual.

Related party transactions

All lead volunteers must declare and record any direct or indirect financial interest they may have in any contract for goods or services entered into by your local group, or in the sale or disposal of any asset. A member having such an interest must refrain from voting on any matter concerning that contract.

Related parties include:

- members of the same family or household or related person
- any business partner
- where the member has a participating interest

If such a transaction occurs, the decision agreed by your local group must be recorded and include the following details:

- The name of the transacting related party.
- The relationship between the related party and Parkinson’s UK.
- A description of the related party transaction with Parkinson’s UK.
- The amount of the transaction and any outstanding balances.

If you are unsure, discuss with your local staff contact.

3B Transfers between your accounts

As a charity we must ensure that we accurately record our income and expenditure. In the case of transfers between your local group's own accounts, it is important these are **not** counted as income or expenditure as they are an internal movement within the local group. The same logic applies to transfers to petty cash.

To make sure all transactions are recorded we have provided columns in the cashbook to record movements between your local group's own accounts (including petty cash). This is the first column after the 'Total' column, and does not feed into the financial report, nor is there a corresponding Annual Financial Return (AFR) row number as this information is not required.

Recording a transfer

Fig 5 Income and expenditure sheets demonstrating transfer between accounts – please note sheets have been shortened for ease of illustration.

Parkinson's UK Treasurer's Cash Book RECEIPTS										
Date	Details	Paying-in Slip number	Cleared bank	Restricted	Total (do not type in shaded area, total calculates automatically)	Transfer from deposit / petty cash account	Membership collected locally for group	General donations	Fundraising	Outstanding items
dd/mm/yy			(Y or N)	(Y or N)						
21/05/2015	John Smith	123456	Y	N	50.00			50.00		-
02/06/2015	S Price	123457	N	N	20.00		5.00	15.00		20.00
09/06/2015	Collection	123459	N	N	98.76				98.76	98.76
12/06/2015	From Current Account 31415926	987654	N	N	500.00	500.00				500.00
					-					-
					-					-
	Totals				668.76	500.00	5.00	65.00	98.76	618.76
	Total current year receipts less transfers between accounts (£)				168.76					Total uncleared
	Accounting Form 1				AFR row:		2	7	8	

Parkinson's UK Treasurer's Cash Book PAYMENTS										
Date	Details	Cheque Number	Cleared bank	Restricted	Total (do not type in shaded area)	Transfer to deposit / petty cash account	Group activities, meetings, holidays etc.	Admin (e.g post & stationery)	Outstanding items	
dd/mm/yy			(Y or N)	(Y or N)			Social Activities/ Meetings	Exercise Activities		
01/05/2015	Exercise Class - Jim White	100023	Y	N	90.00			90.00		
28/05/2015	Speaker's Fee - N. Oodle	100024	N	N	30.00		30.00		30.00	
05/06/2015	Expenses - John Smith	100025	N	N	14.57		5.67		8.90	
12/06/2015	To Deposit Acc. 27182818	100026	N	N	500.00	500.00			500.00	
					-				-	
					-				-	
	Totals				634.57	500.00	35.67	90.00	8.90	544.57
	Total current year payments less transfers between accounts (£)				134.57					
	Accounting Form 2				AFR row:		22a	22b	24	

In **Fig 5** there is a transfer of £500 from the Current to the Deposit account – recording this in both the income and expenditure sheets will ensure that we have a record of this transfer, and that we can reconcile our bank statements with our cashbook.

In the electronic version of the cashbook, there is an adjusted total at the bottom of each sheet. The 'Total current year payments less transfers between accounts' (highlighted by an arrow) is the total that carries through to the financial report as total income/expenditure.

3C Moving funds between your local group and UK office

There are a number of reasons why local groups send funds to UK office, and why we will send funds to your local group. These are detailed below.

Sending funds from your local group to UK office

Transfers to centrally funded programmes:

Your local group may wish to support one or more of the centrally funded programmes (eg Research, improving services, in your region/country etc). Simply send in a cheque payable to Parkinson's UK stating how your local group would like the money to be spent. You can download a remittance form from parkinsons.org.uk/treasurers to send with this.

Passing on a gift or donation:

Someone may pass a donation to your local group with instructions to forward this on to UK office (possibly for a specific purpose, such as research). Bank the original donation and forward any documentation along with a local group cheque for the total. This will be recorded differently in your cashbook, falling under the income heading 'Money received for forwarding to UK office' (AFR row 1) and the expenditure heading 'Money forwarded to UK office' (AFR row 15a). For more information on recording this, see [Cashbook advice](#) on pages 18 and 22.

Depositing funds with UK office:

Your local group can deposit funds with UK office. This will pay a favourable rate of interest and can be paid back to your local group at any time. As with transfers, please use the transfer form provided. For more information on this please see section [2D Depositing funds with UK office](#) on page 13.

Making a Gift Aid claim:

This is a great way of maximising your local group's income. For more information, see section [4C Gift Aid](#) on page 45.

Funds from UK office to your local group

UK office makes quarterly payments to local groups approximately five to six weeks after the quarter to which they relate. These are commonly made for the following reasons:

- Gift Aid claims – the donations sent in and any additional reclaimed tax (please note there may be instances where we are unable to claim Gift Aid).
- Membership or membership donations – alongside their membership renewal with UK office your members may make an additional donation for your local group.
- In memoriam donations – funeral directors may send collections or cheques for your local group via UK office.
- Events – fundraisers taking part in events (eg a sponsored run) may direct funds to your local group via UK office.
- General donations – these may be processed at UK office for your local group and redirected.
- Grants – a grant maker may make payment to UK office for your local group.

Why hasn't my local group received a payment?

If you have not received a payment into your local group's bank account two months after the quarter end, it may be for the following reasons:

1. UK office may put payments to your local group on hold:
 - if your local group is found to be in breach of the charity's rules
 - if no Annual Financial Return or year-end bank statements have been returned
 - if nobody is acting as finance volunteer for your local group
 - if your support group is holding in excess of the local limit
 - if no bank account is held locally
2. If the amount to be paid is less than £50. Instead we will wait until a time when the total to be paid is greater than £50, when it will be paid in full.

If you have any concerns regarding a delayed payment, please contact the Local Networks Finance team to discuss this.

Donations report

When UK office makes a quarterly payment to your local group you will receive a Remittance Advice listing the amount paid to your local group, and further analysis of this will be enclosed on the donations report. Payments are made by electronic transfer where possible. [Fig 6](#) shows an example donations report.

How to record income received from UK office in your cashbook

As the donations report provides a breakdown of the payment which is recorded in the charity's accounts, there is no need to record the breakdown of income in your cashbook. As such, we ask that you record the totals received as: 'Membership and donations' (AFR row 3a) and 'Gift Aid' (3b) as in [Fig 6](#). We understand that you may wish to report the specifics of this income to your local group, and so we hope you find the donations reports useful.

Fig 6 Donations report

Anything in the 'Amount' column should be recorded under 'Membership and donations' in your cashbook (AFR row 3a).

Anything in the 'Tax claimed' column should be recorded under 'Gift Aid' in your cashbook (AFR row 3b).



Local group donations report

31/03/2016

Anytown Group

13895

Source (Event/In mem)	Member/ Donor ID	Name	Date	Amount £	Tax claimed £
Branch Gift Aid Submission					
	887624	Bloggs, Joe	07/03/2016	100.00	25.00
	420886	Johnson, Lisa	07/03/2016	150.00	37.50
Branch Gift Aid Submission Total				250.00	62.50
General Donations					
	582216	Harding, Ellen	15/03/2016	52.89	0.00
	714592	Sanderson, Michael	15/01/2016	25.00	0.00
	714592	Stokes, Graham	15/02/2016	50.00	12.50
General Donations Total				127.89	12.50
In Memoriam					
	881353	Cave, Terry	22/01/2016	588.10	0.00
	888861	King, Ben	14/03/2016	133.70	33.43
<i>John W Anderson</i>					
	883553	Anon Just Giving 20160202 3609309,	02/02/2016	25.00	0.00
	883553	Anon Just Giving 20160202 3609309,	02/02/2016	20.00	5.00
	885569	Anon Just Giving 20160216 3625129,	16/02/2016	50.00	12.50
In Memoriam Total				816.80	50.93
Membership					
	866883	Price, Stephen	01/03/2016	4.00	1.00
	816761	Smith, John	18/03/2016	10.00	0.00
Membership Total				14.00	1.00
UK Running					
	891819	Oodle, Norbert	31/03/2016	50.00	12.50
	890848	White, Jim	23/03/2016	10.00	2.50
UK Running Total				60.00	15.00
				1,268.69	141.93
Anytown Group Total				£ 1,410.62	

Parkinson's UK membership

All members of Parkinson's UK are required to pay an annual membership subscription. This should be funded by the individuals themselves, and must not be paid out of local group funds.

Some members may prefer to pay their Parkinson's UK membership via your local group. If this occurs, you should raise a cheque for the membership amount(s) and send this along with a list of the individuals' names and membership numbers to the Supporter Services team at UK office. Please state that their membership was paid to your local group.

Local group membership

If agreed by your committee, your local group can collect annual subscription for membership of the local group (this should not be excessive and should at most be a reasonable charge to cover running costs). There is no requirement to charge an additional subscription and it might deter members from joining your local group.

Please note that only members of Parkinson's UK can become members of your local group. However, Parkinson's UK activities are open to anyone affected by Parkinson's, so a person does not need to be a member to attend your local group activities. For more information about membership, see the Local Group Rules.

3D Petty cash

Petty cash is a small balance of cash kept by the local group outside of the bank account. It is only for making payments – no income should be added to petty cash. The treatment of petty cash often leads to confusion, and is one of the main causes of error at the year end and when performing a bank reconciliation.

Why hold petty cash?

Some local groups find it helpful to keep petty cash in order to pay for small incidental items (such as milk, refreshments etc). It is **not necessary** to keep petty cash and many of our local groups (including larger branches) prefer to operate without it.

A one-off cash float is different to petty cash and is used to provide change at events. A cash float must be returned to your bank account following the event. For more information, see section [4G Events](#) on page 51.

How to hold petty cash

Petty cash must be treated as if it were another bank account held by the local group. The first step is to draw down some money into your petty cash. This would involve writing a cheque payable to cash. As discussed in section [3B Transfers between your accounts](#) on page 32, a transfer to petty cash must be recorded in your cashbook in the same way as a transfer between your accounts. Please see [Fig 7](#) below.

Any petty cash must be held securely eg in a lockable tin.

Fig 7 Income and expenditure sheets demonstrating transfer to petty cash – please note sheets have been shortened for ease of illustration.

Parkinson's UK Treasurer's Cash Book		RECEIPTS					
Date	Details	Paying-in Slip number	Cleared bank	Restricted	Total (do not type in shaded area, total calculates automatically)	Transfer from deposit / petty cash account	Fundraising
dd/mm/yy			(Y or N)	(Y or N)			
12/06/2015	From Current Account 31415926	987654	N	N	500.00	500.00	
17/06/2015	Petty cash from current Account	Cash	Y	N	40.00	40.00	
22/06/2015	Collection Tin	987655	N	N	12.75		12.75
	Totals	£			552.75	540.00	12.75
Total current year receipts less transfers between accounts (£)					12.75		
Accounting Form 1					AFR row:		8

Parkinson's UK Treasurer's Cash Book		PAYMENTS					
Date	Details	Cheque Number	Cleared bank	Restricted	Total (do not type in shaded area)	Transfer to deposit / petty cash account	Group activities, meetings, holidays etc. Social Activities/ Meetings
dd/mm/yy			(Y or N)	(Y or N)			
12/06/2015	To Deposit Acc. 27182818	100026	N	N	500.00	500.00	
17/06/2015	To petty cash	100027	N	N	40.00	40.00	
20/06/2015	Cash	Milk for mee	Y	N	1.00		1.00
	Totals	£			541.00	540.00	1.00
Total current year payments less transfers between accounts (£)					1.00		
Accounting Form 2					AFR row:		22a

Recording expenditure

Petty cash should only be used for small incidental payments where payment by cheque is not possible.

Payments out of petty cash should be recorded under the appropriate expenditure heading of your cashbook, on the date that the payment is made. All payments out of petty cash must have receipts/documentation. In order to ensure these payments are recorded, you may find it useful to keep a notebook with the petty cash (a template is available in the templates section). If you issue petty cash to another member of your local group, make sure they record all payments and keep relevant documentation (eg a receipt for milk).

What should I do with money coming in?

All cash you receive (eg contributions towards refreshments at a meeting) should be banked and recorded in the cashbook as soon as possible in the normal way. Note that cash received should never be mixed with, or used to replenish, your petty cash.

3E Bank reconciliation

What is it?

Reconciling the cashbook and the bank statement enables you to check that there are no errors or discrepancies between the two, and that all income and expenditure has been recorded. It is an important financial internal control and is one way of identifying fraud.

The basic principle is that the cashbook balance should be the same as the closing bank statement(s) balance for a given period. However, unless all of your cheques and deposits have cleared the bank when the statement(s) were printed, we will need to take any uncleared items into consideration. You do this when performing a bank reconciliation.

How often should I perform a bank reconciliation?

It is essential that you perform a bank reconciliation at least every three months, and it is good practice to do this monthly (on receipt of your bank statement).

What do I need?

To perform a bank reconciliation, you need:

- your bank statements (ensure that each bank statement follows on from the last)
- your cashbook (electronic or paper)
- the sheet named 'Bank reconciliation' or the electronic cashbook template (available at parkinsons.org.uk/treasurers)

The bank reconciliation is made easier by using the electronic cashbook template provided, as many of the figures populate automatically.

Fig 8 A sample bank reconciliation

Balances and Bank Reconciliation

Bank balances at		Date of recent statement
Bank name	Description	Balance
HSBC	Current Account	150.00
HSBC	Deposit Account	100.00
Total bank balance		250.00

E	Total bank balance	250.00
Reconciling items as at 01/07/2015		
F	Plus: receipts not cleared in bank	30.00
G	Less: uncleared cheque payments	30.00
H	Adjusted bank balance	250.00

	Period End Date
J Petty Cash held	50.00
K Total adjusted cash and bank balance	300.00

C Opening cashbook balance at	01/01/2015	260.00
A Plus: income		180.00
B Less: expenditure		140.00
D Cashbook balance at	01 July 2015	300.00

Treasurer	<i>Mr. Treasurer</i>
Verified by committee member	Eric Sample
	<i>Eric Sample</i>
	14/07/2015

Difference between adjusted cashbook balance and bank balance at period end	0.00
---	-------------

Note: "Total adjusted cash and bank balance" K should equal "Cashbook balance" D

How do I perform a bank reconciliation?

If using the electronic cashbook, the bank reconciliation is at the bottom of the financial report page. If completing by hand, please use a copy of the bank reconciliation page which you can get from the Local Networks Finance team.

To perform a bank reconciliation please see [Fig 8](#) and follow these simple steps:

1. Make sure your cashbook has been updated to reflect which items have cleared the bank.
2. Calculate your total bank balance (E):
 - Enter into the top-right box the date of your most recent statement.
 - Enter into the yellow boxes below the details for each account held and the final balance from your statement.
 - Add together the final balance of all bank accounts held.
3. Calculate the total of any uncleared income (F):
 - Investigate any items on the bank statement that are not in your cashbook and add to the income sheet as appropriate.
 - If you keep a cashbook by hand, make a list of any deposits that are not yet shown on the bank statement and total (F).
 - This uncleared income total (F) is calculated automatically in the electronic cashbook.
4. Calculate the total of your uncleared expenditure (G):
 - Investigate any items on the bank statement that are not in your cashbook and add to the expenditure sheet as appropriate.
 - If you keep a cashbook by hand, make a list of any expenditure that remains uncleared and total (G).
 - This uncleared expenditure total (G) is calculated automatically in the electronic cashbook.
5. Calculate your adjusted bank balance (H). Take your total bank balance (E), add your uncleared income (F) and subtract your uncleared expenditure (G) and this gives your adjusted bank balance (H).
6. Calculate your adjusted cash and bank balance (K). Add to your adjusted bank balance (H) the amount you are holding in petty cash (J).
7. Calculate your cashbook balance at the period end (D):
 - Take your opening cashbook balance for the year (C), add your total income (A) and subtract your total expenditure (B).
 - If using the electronic cashbook, your cashbook balance is calculated automatically.

Your adjusted cash and bank balance (K) should equal your cashbook balance (D). If it doesn't see 'Troubleshooting' below to see how you can correct it.

Troubleshooting

If the cashbook does not balance with your adjusted cash and bank balance following the bank reconciliation (ie D does not equal K), here are a few things you can check:

- Have any interest/bank charges appearing on your bank statement been included in your cashbook?
- Have all items listed on your bank statement been marked 'cleared' in your cashbook?

- If you are not using an electronic cashbook, have you checked that the total of uncleared income/expenditure is correct?
- Check that you have treated transfers between accounts, or transfers to petty cash, correctly, ie not as income or expenditure, but as a movement.
- Have all of your totals and entries been entered correctly? Make sure there are no transposing errors, for instance it is easy to enter £63 instead of £36.
- Has any of your uncleared expenditure from the previous year still not cleared the bank?
- Check that you have not re-entered uncleared items from a prior year into your cashbook again.

If you are still having difficulty, contact the Local Networks Finance team for support.

Fraud prevention

The bank reconciliation is an important internal control. Please ensure that your **Treasurer's report and bank reconciliation are verified** against your bank statement(s) **by another lead volunteer** at every committee meeting (at least quarterly), and **signed to confirm that they agree**.

Whistleblowing

Volunteers for local groups may be the first to realise that there is something seriously wrong within their local group. However, they may feel that expressing their concerns would be disloyal to their local group. They may fear victimisation, harassment or bullying.

Parkinson's UK has adopted a policy in line with the UK's current laws and regulations. In the event a volunteer has reason to believe that underhand or illegal practices are taking place, you can contact **governance@parkinsons.org.uk** to request a copy of the whistleblowing policy and information on how to take your concern forward.

If your concern is in relation to safeguarding, please see the Safeguarding Policy for guidance and email queries to safeguarding@parkinsons.org.uk

3F Reporting

Reporting to your local group

As a finance volunteer you must produce a regular financial report for the other lead volunteers in your local group to keep them up to date. This will help them to make informed decisions regarding any deviation from the budget and what this means for the rest of the year's plans.

Local finance volunteers using the electronic cashbook must include the financial report page in their financial report. Those keeping a cashbook by hand should include total income/expenditure (year to date) and a summary of income/expenditure by cashbook heading. Everyone should include:

- how actual activity compares to your budget
- where this leaves any targets for the coming year
- overall bank/cashbook balance
- bank reconciliation

The electronic version of cashbook makes this easier, because the financial report page will automatically populate and can be printed off to take along to a meeting, or show to another member.

Branch treasurers must present a complete financial report to their branch at each committee meeting (at least quarterly, or more often if required). Other local finance volunteers must produce a complete report at least annually.

Please ensure that your financial report and bank reconciliation are verified against your bank statement(s) by another committee or local group lead volunteer and signed to confirm that they agree.

What other reports should I provide?

- **Annual Financial Return:** branch treasurers must present this at the AGM, where it should be presented, proposed, seconded and accepted by the members. It is good practice for other local finance volunteers to share the Annual Financial Return with their local group annually.
- **Single event reports:** presenting a report after a major fundraising event will enable the local group to evaluate how successful the event was.
- **Annual budget:** this must be discussed and agreed by the group's lead volunteers, checked by the Volunteer Coordinator and submitted by the date set out by the Local Networks Finance team each year and reviewed at subsequent meetings. For more information, see section [5B Preparing a budget](#) on page 55.

4. Up and running: more important information

4A Restricted funds

Why are restricted funds important?

Restricted funds can legally only be used for specific purposes. The charity is legally required to account for and report on the level of restricted funds it holds. So please remember that as well as recording restricted income, we must also record any expenditure against it.

If you are ever in any doubt as to whether income or funds held are restricted, please get in touch with the Local Networks Finance team.

How do funds become restricted?

Funds are often miscategorised as restricted, so it is important to identify clearly what is and what isn't a legal restriction. Funds can only be restricted **at the point of donation by the donor.**

Where a grant has been applied for, or the donor has stated that it be spent on a specific activity, these restrictions are legal agreements between the donor/grant making organisation and the charity. These funds must be spent as per the restriction.

It is not possible for a local group to decide to restrict funds after the donation has been received, nor is it possible for local groups to restrict funds in any other way. It is also not possible for local groups to remove restrictions without the permission of the original donor.

Avoiding restricted funds

Local groups must avoid restricting by specification, ie by holding a fundraising event stating explicitly that “all funds raised will go towards” a specific activity. When undertaking a fundraising event your local group must make the appeal broad enough to avoid restricting the income. You can still use a specific activity to help a fundraising drive, but rather than saying “all funds raised **will** go towards exercise classes”, say “funds raised today **could** contribute towards exercise classes” or “**one example of** the work this will support is our exercise classes”. For support, please contact your regional fundraiser or volunteer co-ordinator.

Restricted funds are difficult to account for, limit your local group’s ability to make decisions and in certain cases leave funds unusable. There are very strict legal requirements surrounding restricted funds, making the management of these funds administratively more time consuming and complicated for local finance volunteers. Local groups may have a number of different restricted funds and keeping track of expenditure into and out of these can be painstaking and troublesome.

Having restricted funds can also compromise the ability of your local group to make effective financial decisions. As a committee you are obliged to spend the money as stated by the restriction – but your local needs may change and you will be unable to change the restriction. You may also be unable to effectively spend the restricted funds if you raise more money than you can spend on the specified activity.

For the charity as a whole, restricted funds prevent us from spending funds where the need is greatest. To discourage potential donors restricting income, we would encourage local groups to discuss with them the benefits of keeping funds unrestricted.

Restricted activities

Another common source of confusion is the type of activities that funds can be restricted towards. It is possible to restrict funds towards any appropriate individual activity. This means that funds can be restricted for the running of exercise classes, research, and administration and so on.

Misconceptions regarding restrictions

Often local groups are given a donation where the stated purpose may be similar to the following examples:

- For the benefit of the local members.
- To help the running of the group.
- To help individuals living with Parkinson’s locally.

Because the remit of these donations is so large, and because each one of these purposes can be achieved via a multitude of activities, this **is not a restriction**. The purpose of the charity is to support people affected by Parkinson’s, and this work will benefit people affected by Parkinson’s local to you and across the UK. This includes the support that UK office and local teams provide to local groups.

Example: A donation given with the purpose of helping local people affected by Parkinson's.

The purpose of this donation is fulfilled by all of the activities performed by the charity. For example, the admin costs of a local group, the cost of local meetings, or local adviser will all help local people affected by Parkinson's.

Using this donation to support research, campaigning or the helpline will also help people with Parkinson's living locally, because the impact of these ultimately benefits everyone affected by Parkinson's.

Therefore, the income is **not** restricted to a specific activity and therefore must not be recorded as such.

Removing a restriction on funds

If the restricted donation is traceable to an individual, then it may be possible to gain their consent to remove the restriction at a later date. However, if they request their donation be returned to them because you cannot spend it in line with the restriction, you would be legally obliged to do so.

In the case of collections, you will be unable to identify the individual donors so removing a restriction is very difficult and may require the intervention of a judge. This will be costly and will require much time and resource.

Managing restricted funds

If you do receive a restricted fund it is important that you keep a note of any income or expenditure relating to this fund.

If you only have one restricted fund (ie a fund for one specific purpose), then simply making a note of whether or not any income or expenditure is restricted will help you keep track of your restricted balance.

If you have more than one restricted fund (ie a number of funds restricted for different purposes) this becomes more complicated. You may need to keep a separate cashbook for each fund or similar level of detailed records.

Please note that major donors, trusts or grant making bodies may require confirmation that you have spent their donation in line with their restrictions. For more information see the section on [Major Gifts](#) on page 27.

What are unrestricted or general funds?

Unrestricted or general funds are those given to a local group where there is no legal restriction placed on what activity Parkinson's UK can spend the money on. The money has been given to the charity to help it fulfil its charitable aims.

Within the rules and guidelines provided, unrestricted funds can be spent in any way a local group chooses that will further the aims and objectives of the charity. For more information, see section [2E Use of funds](#) on page 13.

4B Legacies and in memoriam donations

It is important to differentiate between a legacy and an in memoriam donation. Any amount (or gift in kind) that is received through the deceased's will and estate is considered a legacy. Any amount that is received from friends or family in honour of the deceased should be considered an in memoriam donation.

Legacies

The nature of legacies means they must be treated differently to donations, therefore it is a requirement that all legacies come via UK office. If you receive notification of a legacy directly please discuss with your local staff contact who can help you to forward this to UK office. This removes the burden from your local group as the Legacies team will handle all matters concerning the executor and the estate, and ensure all legacies are received in full.

The Legacies team subscribes to a service that notifies them of any wills mentioning Parkinson's UK. So if your local group fails to notify UK office that you have received a legacy we may contact an executor for a legacy we have already received. This has the potential to cause concern or distress to the family involved.

Because the remit of a legacy donation to a local group is so large, and because the purposes can be achieved via a multitude of activities, legacies are **not restricted**. We always honour the wishes of the deceased though and all legacies left to a specific local group will be transferred to your local group.

Funds will be released to the local group once a spending plan has been submitted and approved by the Legacy Review Panel in accordance with the Parkinson's UK Legacy Policy.

If you are required to produce a spending plan for a legacy you will also need to track the subsequent income (from UK office) and expenditure relating to the legacy. This will be important when monitoring your actual spend against your approved spending plan.

For more information on legacies you can contact the Local Networks team at **localnetworks@parkinsons.org.uk**

In memoriam donations

In memoriam donations are different from legacies in that they may be in the form of a collection at a funeral, or you may receive cheques or donations independently of this.

In memoriam donations should be banked as donations and put into the relevant column in the cashbook. Unless Gift Aid has been specified with the individual donations, you cannot claim on these. If your local group is connected to a specific funeral director, you may be able to maximise the opportunity for Gift Aid by providing them with donation envelopes.

4C Gift Aid

Gift Aid increases the value of donations to UK charities by allowing them to reclaim the tax already paid by donors. If we have a valid and completed Parkinson's UK Gift Aid declaration form, for each £1 donated to the charity we can claim a further 25p.

The declaration has to include very specific wording, so **please only use the forms that Parkinson's UK supplies**, as these have been agreed with HM Revenue & Customs (HMRC). The best place to get the most up to date forms is on the website at parkinsons.org.uk/treasurers. If you do not have access to the internet, you can request them by contacting the Supporter Services team on **0800 138 6593**.

How to claim Gift Aid

1. Complete a Gift Aid submission form, which you can get from the **parkinsons.org.uk/treasurers** or by calling the Supporter Services team on **0800 138 6593**, listing and totalling the donations to your local group for which Gift Aid applies. Clearly write in the name of your local group – this will help us get the money back to you.
2. Where a Gift Aid declaration for a member isn't required because we already have one on record, please make sure you include the donor's **membership number**. If you don't know it, include the donor's **postcode** instead. Without at least one of these, we will not be able to claim Gift Aid. For any members that have not submitted a declaration form, you must include one of these identifiers.
3. Always pay the original donation into your local group's bank account and raise a local group cheque to Parkinson's UK for the total on the Gift Aid submission form.
4. Send the Gift Aid submission form, cheque, and Gift Aid declaration(s) (where required) to UK office.
5. If everything has been completed correctly, the donation and tax will be returned to your local group in the relevant quarterly payment run.

Fig 9 shows a complete Gift Aid submission form. The Anytown branch finance volunteer knows that we already have a Gift Aid declaration for Eric on file, but we do not have one for John. Therefore they have provided the membership number for Eric and enclosed a declaration form for John, along with a cheque for £70.

Fig 9 Gift Aid submission form

Gift Aid submission for branches and support groups

Name of branch or support group: Anytown Branch Date: 06/07/2015

Member No. (if known) or Postcode	Donor name	Donation (£)	Gift Aid declaration (Delete as appropriate)
123456	Eric Sample	£20.00	Enclosed / Sent previously
N0 0DL	John Smith	£50.00	Enclosed / Sent previously
			Enclosed / Sent previously

Top tips

In order to identify and maximise Gift Aid opportunities, your local group can request a list of your local group’s members and their Gift Aid status by contacting the Supporter Services team on **0800 138 6593**.

You should also keep a copy of the original Gift Aid declaration and a list of all donors who have signed a Gift Aid declaration. This should include their membership number and/or postcode. You may find it useful to keep a list of donors who have said they can’t sign a declaration because, for example, they are not taxpayers. Due to data protection this information needs to be kept securely and must not be given to third parties. For more information on data protection, see the Local Group Directory at parkinsons.org.uk/localgroupresources

Common reasons we can’t claim Gift Aid even when someone has submitted a declaration

A recent audit by HMRC found a few issues that have stopped us from claiming Gift Aid in the past:

- **When a non-Parkinson’s UK Gift Aid form has been used eg a homemade form, or one used for other charities or churches**
HMRC has approved the official Parkinson’s UK Gift Aid declaration and has advised us that we should not accept any others. So it is essential that you use the Gift Aid forms provided.
- **When an old Parkinson’s UK Gift Aid form has been used**
Please use an up-to-date version to ensure it meets new HMRC wording requirements.
- **When people receive a benefit for their money, such as when they buy raffle tickets or a ticket to an event**
Instead of charging an entry fee for a coffee morning, you could ask for a donation (you can always suggest a minimum donation amount). In this case if someone does not wish to pay, they should still be able to take part in the event. Have a Parkinson’s UK Gift Aid declaration form or a Parkinson’s UK sponsorship form to hand, so that people can sign when they make their donation. If HMRC has suspicions that donations are actually an entry fee, eg 120 donations that are all £5, they may refuse to pay Gift Aid.
- **When it is a collection (a donation from more than one person) or a donation from a business**
Gift Aid can only be claimed on donations made by an individual with a valid Gift Aid declaration. The declaration should state the amount being donated.

- **When the Gift Aid declaration is not correctly completed**
Please check that donors have filled in all required details declaring that their donations are to be treated as Gift Aid donations. This also means signing and dating the form.
- **When the Gift Aid declaration is completed on behalf of more than one person**
Gift Aid declarations must be completed by the individual wishing to claim and the donation must only be from that one individual. When filling in a sponsorship form, they won't accept a sponsorship from Mr and Mrs Smith – it is better to just put Mr Smith down, or split the donation into two, one for Mr Smith and one for Mrs Smith.
- **When people do not give their full details**
When a donor completes a form, please ask them to enter their full name (forename and surname; or title, initial and surname) as well as their full address including the house or flat number and name, street name and postcode.
- **When people list their work rather than their home address**
When donors complete the forms please mention we cannot claim Gift Aid if they do not list their home address.
- **When the declaration is not completed in ink**
HMRC has advised that we are not allowed to claim Gift Aid where the declaration has been completed in pencil. Please make sure donors use a ball point or ink pen.
- **When multiple declarations/details have been filled in using the same handwriting**
Declarations must be filled in by the individual in question. So if multiple declarations, or lines on a sponsorship form, have been filled in with the same handwriting we are unable to claim.
- **When the declaration form received is a copy**
It is okay for the blank form to be a copy that the donor fills in, but we must have the original filled in copy of the declaration form. If it has been photocopied after it has been filled in, it will not be accepted.

Sponsorship forms

You may occasionally receive sponsorship forms from an event participant wishing to claim Gift Aid for your local group on the amount they have raised. In this instance, send the original forms along with a cheque for the total amount of the donations you would like to claim Gift Aid on. We will need it in writing from the event participant that they would like the funds are to be returned to your local group.

Please let the Events team or your regional fundraiser know if an event participant sets up a Just Giving site and wishes monies raised to go to your local group.

4D Trading

Trading means the selling of goods or services to customers. Usually, this involves selling on an ongoing commercial basis, but sometimes a one-off or occasional venture may be treated as trading by the HMRC. The sale of donated goods is generally not treated as a trading, unless donated goods are significantly refurbished or altered prior to sale.

The charity registration limits Parkinson's UK's trading activities. Local groups, as an integral part of the charity, are also governed by the same regulations. It is important to note that conducting trading activity through the charity can have adverse tax implications. Please see the guidance below to help the charity avoid this.

Can we trade at our local group?

The rules agreed by the Board of Trustees state that **local groups must not run shops or permanent trading activities** (see the Local Group Rules). Local groups should therefore undertake **no regular trading activities** (including regular selling of donated goods).

One-off or occasional trading by local groups may be permissible (eg a fete stall, the selling of greeting cards etc) but please discuss this with your volunteer co-ordinator in advance.

How does UK office trade?

Like many other charities, Parkinson's UK has set up a separate limited company called Parkinson's UK Sales Limited, through which the charity is able to benefit from trading activity (Christmas cards, treks, merchandise etc).

Parkinson's UK Sales Limited then donates all its profit to Parkinson's UK. In the annual accounts, the figures that are headed 'Group' refer to the combined figures for Parkinson's UK and Parkinson's UK Sales Limited.

What if we buy merchandise from Parkinson's UK Sales Limited?

If your local group buys any items (eg mugs, greeting cards) from Parkinson's UK Sales Limited in order to sell them, the transactions should be recorded appropriately in the cashbook, to ensure that this trading is accounted for in Parkinson's UK Sales Limited. In the Annual Financial Return the expenditure for the purchase must appear in row 28, 'Cost of purchasing items for resale'. 'The income from the sale must appear in row 14, 'Sale of purchased items'.

4E Paying volunteer expenses

As a charity we are committed to making sure that no volunteer finds themselves out of pocket because of expenses incurred when carrying out activities on behalf of Parkinson's UK. Therefore it is important that local groups encourage their volunteers to claim expenses.

Volunteers should be reimbursed by your local group for any reasonable out-of-pocket expenses incurred as a result of volunteering for your local group, including the following:

- Travel to and from their place of volunteering, in addition to any travel undertaken as part of their volunteer role, including travel to attend meetings, training and events. This includes mileage (not petrol used), standard class rail travel and taxis where public transport is not suitable.
- Subsistence: a volunteer may claim for food and drink (non-alcoholic) if they volunteer for a full day (more than five hours) and lunch is not provided
- Administration costs: a volunteer may claim for administration costs incurred in undertaking their volunteer role. For example, when making phone calls, printing.

- Materials or sending letters on behalf of Parkinson's UK.

Please be aware that volunteers cannot claim for line rental (phone, internet, etc), but can make claims for individual items of expenditure, for example phone calls where itemised. In addition, claims cannot be made for the cost of petrol, but can be made for mileage. A volunteer expense claim form should be used and receipts provided as proof of purchase or expense.

Expenses should be agreed in advance by your lead volunteers. Expenses paid must be in line with the Volunteer Expenses Policy.

You can find the Volunteer Expenses Policy with full guidance at parkinsons.org.uk/volunteer

Process

To make a claim, a volunteer will need to complete a volunteer expenses form (you can get this from your local staff contact) and attach receipts/proof of purchase or itemised bills highlighting the items they are claiming for.

As a finance volunteer you must:

- verify this information, ensure it is in line with the Volunteer Expenses Policy and has been agreed by the lead volunteers (in accordance with the Volunteer Expenses Policy)
- ensure that reimbursement of approved expense claims is made no later than eight weeks of the claim being made

Encouraging claims

It is important that volunteers claim expenses so that the charity has an accurate picture of what our running costs are and to make sure that people are not financially disadvantaged as a result of volunteering for the charity. In order to ensure nobody is discouraged from volunteering because of a no claims culture within your local group, please encourage volunteers that are out of pocket to make a claim for the full expense.

It may be that a volunteer does not wish to claim expenses, and is happy for the expense to be a form of donation or contribution to Parkinson's UK. In this instance, please encourage the volunteer to make a full claim for the expense and then donate the money back to your local group, along with a valid Gift Aid declaration (resulting in an extra 25p for every £1).

4F Equipment

As a local group, you may purchase or receive donated equipment. All of these items will be part of the assets of Parkinson's UK so it is important to keep a record of this. We will ask for this information on the Annual Financial Return, and use it to ensure that the charity's insurance cover is sufficient.

Any financial reporting (whether to your local group or the annual returns to UK office) should include a list of equipment held. **Please note local groups must not purchase buildings, vehicles, caravans or holiday homes, or make investments of any kind.**

If you become aware of an asset owned by your local group that would be included in the exclusion list above, please contact the Local Networks Finance team.

Asset register

A good way to keep track of equipment is an asset register, similar to the one you will see on the Annual Financial Return forms. You are required to record equipment with a purchase value equal to or greater than £100.

Fig 10 Asset register

Description	Bought / Donated	Cost or Value (£)	Keeper (committee position, member etc.) and Use (correspondence, transport etc.)	Year Acquired	Year Disposed	Disposal (if no longer owned)
Laptop	Bought	450	Secretary - minutes & correspondence	2007	2012	Sold for £50
Yoga Mats x 20	Donated	120	Church hall - activity sessions	2012		
Total Value		570				
Less value of disposed items		- 450				
Current Total		120				

The cost or value recorded must always be at the point of purchase or donation. We do not ask local groups to account for depreciation. The current total of your assets register will always be the total of these values.

As such:

- If you purchase an item, record the cost.
- If an item is donated, record an estimate of the current market value of the item. In the above example, twenty new yoga mats have been donated and we have approximated the value of a new mat at £6 each.

Recording equipment in your cashbook

Whenever you purchase equipment:

- If it is more than £100 in value this should be recorded as ‘Other’ items.
- If it is less than £100 then record it under the heading to which the equipment relates. For example, a new game for a Wii could be recorded under Activity Sessions.

So in the above example, the £450 spent on a laptop would be listed as ‘Other’ items, rather than Group admin and committee expenses.

On the Annual Financial Return we will ask you to provide additional information for any ‘Other’ items, and in the case of equipment this will involve providing the information from your asset register.

If you receive donated equipment there is no requirement to record this in your cashbook. However, if the estimated market value is more than £100 this must be added to your asset register and declared on the equipment list as part of the Annual Financial Return.

4G Events

Events are a fantastic way for your local group to encourage new members to join, share information about Parkinson's and to raise funds for the charity. It is important that they are organised properly, especially with regards to managing income and expenditure, and you may be required to provide guidance to your local group.

Event cash floats

A cash float is different to petty cash and is used to provide change at events. A cash float must be returned in full (not more or less) to your bank account following the event.

The point of a cash float is to provide change (for example, when selling tickets, refreshments, merchandise) and it **must not be used to make payments**.

Drawing down money from your bank account for your cash float is not expenditure, nor is paying that money back in counted as income. Therefore, these transactions should be listed similarly to petty cash. [Fig 11](#) demonstrates how to record transfers, expenditure and income relating to an event.

In [Fig 11](#), the transfer of cash to the event cash float is highlighted by black arrows as both a receipt (into cash held) and payment (from the bank), and then similarly highlighted by [cyan arrows](#) as a payment (from cash held) and a receipt (into the bank). As these movements are not income or expenditure they are not included in the financial report or the Annual Financial Return.

Don't forget: Whenever a payment is made from cash it is always listed as cleared, whereas any payment from a bank must be reflected on a bank statement before we can list it as cleared.

Anything raised by the event must be recorded in your cashbook as per normal (separately under the relevant heading).

If you need to pay for sundry items at the event (for example, buying extra refreshments) this must not be paid out of your cash float. Payments should be paid by cheque, or from any separate petty cash held. Always make sure payments from your petty cash are recorded.

In [Fig 11](#), we can see that a separate petty cash float was held prior to the event, so the additional milk purchased was paid for from this fund. Many local groups and treasurers prefer not to hold petty cash, so the alternative here would be for someone to buy the milk and claim it back on expenses later.

Opportunities for Gift Aid at events

Be prepared in case you receive a donation because you may be able to claim Gift Aid on it. Always have some Parkinson's UK Gift Aid forms or declaration envelopes with you.

Don't forget: Gift Aid only applies to voluntary donations and therefore cannot be claimed on any ticket sales for an event eg admission or raffle tickets.

Advice on handling cash

- Plan ahead – can the venue provide a secure area to count the money? Who will be responsible for counting it and when?
- At the event, think about how vulnerable the person/people looking after the money are in terms of safety.
- Use numbered event/raffle tickets (so that you can compare the money collected with how many tickets were sold).
- Transfer all cash to a lockable cash box once selling has finished.
- Collection buckets/tins must be sealed and numbered.

Counting cash

- Cash must always be counted by a minimum of two people.
- Where possible, count cash at the event or on the same day.
- The seals on collection buckets/tins must not be broken until it is counted.
- A cash box and its key must be held separately until a time when two people are present.
- Both counters must check amounts and addition, initialling any changes and signing the record of cash received.

Single event report

We recommend that you report back to your local group after each event. Feedback (whether positive or constructive criticism) can help the planning of future events, and encourage members to take ownership of the success of the event and the work involved.

Joint events

Before holding a joint event with another Parkinson's UK local group you must agree how the proceeds will be split, and who will pay for what. You may find it easier if one local group pays for everything and receives all of the income. This will make it easier to calculate the gross income and expenditure from the event, and to split the proceeds evenly.

If both local groups share the responsibility of contributing to the cost and receiving income, make sure that you calculate the total level of income and expenditure associated with the event. This will help you split the proceeds in line with the agreement you made prior to the event.

Recording joint events in your cashbook

All income and expenditure related to the event must be recorded under the relevant heading (usually 'Fundraising'). The local group transferring the share of the proceeds to the other participating local group must list this as a 'Transfer to other Parkinson's UK local groups'.

The group receiving the proceeds must record this as a 'Transfer from other Parkinson's UK groups', and not re-list it as fundraising income. The amount has already been counted as fundraising income once by the charity, so must now be recorded as internal transfer from one of the charity's local groups to another. We look at each local group's Annual Financial Return forms and match up all transfers between local groups at the year end.

5. Monitoring and reviewing

In this section we will look at the important governance processes that we ask local groups to perform, such as budgeting, reporting to UK office and retaining documents.

5A Retaining documents

There is a legal requirement for all local groups to keep financial records for six years, plus the current year's accounts. The financial year for Parkinson's UK falls in line with the calendar year (January to December).

It is a legal requirement to keep the following records:

- Cashbooks and petty cashbooks.
- Invoices/receipts/expenses claims.
- Bank statements, paying-in slips and cheque stubs.

Parkinson's UK requires you to keep:

- Annual Financial Returns
- financial reports
- bank mandates (copies of mandates and mandate change forms)

Backing up files

It is vital that we make sure that all files stored electronically are kept safe.

They may be rare, but viruses or computer problems can result in corrupted or lost files. Because of this, if you keep an electronic cashbook, we strongly advise keeping a copy of any important Parkinson's UK files in more than one location. If you can do this locally by burning a CD or storing a copy of the file on a different computer, external hard drive or memory stick, this will be suitable.

If you would like to back up externally, we have created an email address so that you can send your electronic cashbook to be stored at UK office. The emails sent for backup will be deleted after six years due to storage capacity. The email address is **treasurersbackup@parkinsons.org.uk**

Please bear in mind that emails sent to this address will not be read. The address exists purely to provide a space for you as a finance volunteer to back up your cashbook.

We recommend backing up your cashbook whenever you perform a bank reconciliation (this must be at least quarterly). The more often you back up, the less you will lose if the original file is lost.

5B Preparing a budget

By the date set out by the Local Network Finance team, your local group must discuss and agree a budget for the coming year.

Your budget should be prepared in consultation with your lead volunteers (in a branch this is the responsibility of the committee). As a finance volunteer you will be responsible for putting the agreed figures into a budget template provided by the Local Networks Finance team.

A budget will help your local group:

- manage the local group's funds
- identify and control the local group's costs
- identify the level of income required to cover your costs
- focus on the main activities over the coming year
- identify potential problems with your finances eg a shortfall in income
- think about the future of the local group

In addition, budgets can help you identify cash flow or funding problems early on, and this will enable your local group to manage these problems. It is therefore advisable that the local group monitors actual income and expenditure against the budget at least on a quarterly basis.

Top tip

Make sure you have your local group's most recent Annual Financial Return, as well as your most recent financial report to hand. These will be useful in helping you to anticipate your expected income and expenditure.

Step by step guide to budgeting

1. Meet with your local group lead volunteers or committee to discuss what your local group would like to achieve over the coming year. You should consider the following:
 - The activities, events and support you regularly deliver and if there are going to be any changes to these (venue, cost, attendance, regularity, popularity etc).
 - How your group can support the local development plan to develop access to Parkinson's Links activities.
 - What activities, events and support you would like to deliver in addition to these and the likely income and expense related to this.
 - Whether you have sufficient volunteers/members to enable you to achieve your plans for the year.
 - Your local group's transfer to centrally funded programmes.
2. This information now needs to be included in the budget template. First forecast an opening balance for the year (when you have the actual balance you can overwrite this).

3. Using the information from your budgeting meeting, forecast the costs your local group will incur in the year. This needs to be added to the budget template. To do this look at how much each item in the plan will cost and create a list of all the items which you are likely to need to pay for. To forecast the costs you might:
 - use previous years' costs (adding a small percentage for inflation)
 - get quotes or use costs listed in local contracts
4. Now add to your budget template your expected income for the upcoming year:
 - You might base some of this on prior year income (general donations, subscriptions, and in memoriam donations) – this information will be in your local group's AFR. (It is good to take off a small percentage in case you don't receive as much during the year as previously).
 - There may be some events, activities, outings etc where you can estimate the level of participation and income expected from each. Don't forget to use the information from previous events to give you guidance.

When trying to forecast the income and expenditure, be realistic. Figures should be as accurate as possible, but if you do not know a precise figure allow yourself a small margin for error and remember that you can compare with the previous year's figures as a guide. It's always a good idea to keep a clear note of how you arrived at each figure.

5. Your lead volunteers now need to consider how your local group is going to deal with any shortfall or surplus. If income is less than expenditure consider if:
 - the costs of events/activities can be scaled down
 - extra fundraising activities can be hosted or existing events expanded

If the income is more than expenditure, your local group should consider how this surplus can be used elsewhere in the charity to support people affected by Parkinson's.

6. The budget and a transfer to centrally funded programmes should be approved by the lead volunteers (in a branch the budget must be approved by the committee) and your local staff contact.

Don't forget: A comparison between the budget and actual income/expenditure is very helpful for local groups to manage shortfalls/surpluses. Therefore, please present the budget with your financial report at committee meetings, highlighting any variations to your local group so that they can establish if any corrective action is needed.

5C Reserves

In May 2013 the Board of Trustees approved the local group financial framework which outlines the policy for the level of reserves held by groups. The financial framework aims to:

- improve predictability and stability of funding, helping us to meet the needs of people affected by Parkinson's
- invest excess reserves held by the local groups so the Charity can meet its vision

- increase donor confidence leading to higher levels of donations
- support local groups to plan and manage their resources effectively

This framework supports your group's activities and will increase financial confidence throughout the charity.

Your group can hold up to one year's worth of local expenditure as your reserves. This means that if your group were not to receive a penny of income, your group should still be able to fund a full year's worth of your planned activities. After this your group is required to use any remaining funds to support centrally funded activities.

To support this, your group must complete the budget template and agree this with your local team. The budget template will help determine the amount available to transfer to support centrally funded activities. This process is repeated each year.

5D Annual Financial Return (AFR)

Annual Financial Returns (AFRs) are required to enable the charity to fulfil its legal obligations, and are also a useful opportunity to take review your local group's finances.

An advantage of using our cashbook template is that we have modelled it around the information required on the AFR. If you use our cashbook, at the year-end you will simply have to copy the totals from each column in the cashbook across to the AFR, adding a little extra information on forms 4 and 5. This will save you time and avoid confusion.

Instructions will be sent out each year with the forms. You may find it useful to photocopy your forms upon receipt, or use a pencil when first filling them in. These forms are sent electronically, so figures entered will automatically populate where relevant. If you require a hard copy, contact the Local Networks Finance team to request a copy.

When you've completed your AFR, send a copy of the forms (along with copies of bank statements) to the Local Networks Finance team at UK office by the deadline given.

As a charity, we have to prepare for an assessment by our external auditors, so we have tight deadlines to meet for the preparation of our annual accounts. The earlier you get your forms in, the sooner we will be able to process them and get back to you with any queries. It is essential you return your forms by the deadline.

AFR forms

Form cover

- Please check that your forms state your local group's name.
- This form will also state whether your local group requires an independent examination or not, so please make arrangements for this on receipt, if required.

- All groups must return the form cover, even if the group has nil funds (including cash) or its funds are solely held by a parent branch (in the case of a sub group). In this case, a 'no funds' declaration should be returned.
- If returning a hard copy, please also provide contact details and sign it. If you are sending in your AFR electronically there is no requirement to sign the form cover and you will receive an email confirming receipt.

Form 1

- This form is for recording all income for the financial year, by cashbook category. Please specify whether the income was restricted or not.

Form 2

- This form is for recording all expenditure for the financial year, by cashbook category. Please specify whether the expenditure was from a restricted fund or not.

Don't forget: In the case where a local group has more than one bank account, transfers between these accounts must not be listed as income or expenditure on the AFR.

Form 3

- This form is your year end bank reconciliation.
- **All figures must be as at 31 December** – do not include any information that you may have subsequent to this date.
- Please list the details of all bank accounts held, and **include a copy of bank statements for each of these accounts**, reflecting the balance as at 31 December.

Don't forget: Another advantage of the cashbook template provided is that it incorporates a bank reconciliation. Therefore, if you have performed a bank reconciliation as at 31 December using our template, this will be exactly the same as the one found on form 3 of the AFR.

Forms 4

4A: List of all equipment held by your local group with a purchase value over £100.

4B: Detail any income/expenditure you have categorised as 'Other', any payments to/from other local groups, any payments to charities, any payments from major donors, trusts or grants, and any legacies or restricted funds your local group holds.

4C: List any debtors or creditors your local group has (branches only).

Forms 5 (independent examination)

- If your local group requires an independent examination we ask you to find a suitable candidate when you receive your AFR forms and ask them to complete forms 5.1 and 5.2.

5.1: This is a declaration for your examiner. It states that an examination has taken place in line with the guidance issues, and the examiner agrees that the financial return is an accurate representation of your local group's accounts. This should be completed by **all** examiners and returned with the AFR.

5.2: This is a **suggested** programme of work for an independent examiner. This is based on the Charity Commission's guidelines. It is **not** mandatory for examiners to use this programme.

- If the examiner prefers to use his or her own procedure for carrying out the examination, he or she should attach a schedule of the alternative procedure used instead of form 5.2.

An information document on the AFR process and the independent examination will be sent out with your AFR. Please pass this on to your independent examiner with the other required documents.

Independent examination

An independent examination is a review of your local group's accounting records and a comparison of the Annual Financial Return to these. It is also a review of your local group's accounting procedures and any unusual items or disclosures identified. It is less time consuming than an audit and can be undertaken by any independent person who has the ability and practical experience to carry out an examination.

No local group is required to have a full audit as part of the Annual Return process. The examiner is not asked to give an audit opinion. For this reason, we still require copies of bank statements from branches even if the examiner is a registered auditor.

Examination requirement

Branches for which an examination of accounts is required have been selected using the following criteria, which are based on the previous year's Annual Financial Return:

- Those with income of £25,000 or more.
- Those with a closing balance at 31 December (of the previous year) of £25,000 or more.
- Those that failed to submit an Annual Finance Return for the previous year.

Who can be an independent examiner?

An independent examiner does not need to be a registered auditor or qualified accountant. In selecting an independent examiner the branch should invite someone who is:

- independent from members and officers of the branch (ie not related to or a close friend of any committee member and not a member of the branch)
- familiar with accounting methods (eg a bank employee, bookkeeper or accountant)

Most local groups are able to find a volunteer who will perform the examination but if this proves impossible, the branch may pay a local accountant to do the examination.

Annual Financial Returns (AFRs) for sub groups

The parent group can report on the sub group's financial activities in one of two ways:

1. Complete a separate set of forms for the sub group – by separating the income, expenditure and funds relating to the sub group from the main branch activity.

2. Include the sub group within the parent branch's Annual Financial Return – by incorporating the income, expenditure and funds relating to the sub group within that of the parent branch's figures.

The approach **must be consistent each year**. If you wish to change how you are accounting for a sub group, or the sub group is moving to become a stand-alone group, please contact the Local Networks Finance team who will be able to offer guidance on how to account for this.

Please note sub groups should not hold funds so the local finance volunteer for the parent branch must return the Annual Financial Return form cover declaring that no funds are held.

6. Handover: making it easy

An organised handover from one local finance volunteer to the next is important as it ensures the financial stability of your local group is maintained, that all records are kept in an accessible and identifiable way, and that all legal requirements are met.

Throughout the handover it will be important for your local group to be able to continue making payments and processing income. Once the handover is complete you must make sure that the new finance volunteer is able to understand and access information about your local group's previous activities. This will be essential to help your local group in the future.

Your volunteer co-ordinator and the Local Networks Finance team will be available to help you with the handover process.

Incoming and outgoing local finance volunteers should perform the following to make the handover as easy as possible.

Outgoing finance volunteer

Have you...

Let your Local Staff and the Local Networks Finance team contact know of your decision?

Made sure that your cashbook is up-to-date, clearly identifying any outstanding cheques or income?

Performed a final bank reconciliation, and had someone else in your local group sign this off?

Prepared all records to be passed on?

Requested and completed a mandate change form from your bank, authorising the new finance volunteer to be a signatory, and amended the correspondence address? If you are no longer going to be a lead volunteer, you should also remove yourself as a signatory.

Where you are listed as a contact for your local group (eg suppliers, banks, funeral homes), have you made sure you notify them of the change?

Met with the incoming finance volunteer?

Incoming finance volunteer

Have you...

Been in touch with the Local Networks Finance team to let them know you are taking over?

Familiarised yourself with this guide, along with the Local Group Directory and the Local Group Rules? If you do not have a copy of these documents, please request them from your local staff contact.

Met and considered shadowing the outgoing finance volunteer and made sure that an up-to-date bank reconciliation has been done?

Familiarised yourself with the cashbook system currently in place, and considered moving to the electronic cashbook provided by UK office (if it's not being used already)?

Familiarised yourself with the budget and financial activity of the local group?

Completed the mandate change form?

Made sure the local group is complying with the financial rules and regulations laid down by this guide, and made any changes or raised concerns, where relevant?

At your meeting

- The outgoing volunteer should clearly explain the cashbook system in place.
- Identify any petty cash held (who, where, why, etc).
- Identify any common discrepancies between the cashbook and bank statements (ie if you have any Standing Orders or interest/charges etc).
- Identify any common/regular activity if not known to new finance volunteer (ie quarterly fundraisers, meetings etc).
- Complete the mandate change form.
- Hand over all required documents, including this guide.
- Exchange contact details for any follow up queries.

Reminder: The Local Networks Finance team is always on hand to support you.

7. Closing a local group

In the unusual event that your local group is closing it's important that we receive all records for your local group. Any bank accounts in the charity's name should also be closed and the balance transferred to UK office.

If your local group is thinking about closing, or you are in the process of doing so, please make sure you contact your volunteer co-ordinator.

They may be able to help identify other options available to your local group. If it is then agreed that closing your local group is the best course of action, your volunteer co-ordinator will be able to help you.

If your local group is closing, the Local Networks Finance team can provide you with a Bank Account Closure letter. The letter will instruct your bank on how to transfer the remaining charitable funds in your local group's account to UK office, and to send a copy of your closing statement to us. Two signatories will need to sign this and you must take it into your bank when you are closing the account.

If you receive your closing bank statement, we ask that you forward a copy to us, along with the rest of your records.

It is important that you perform a final bank reconciliation and send this to UK office, along with your local group's records.

Before you consider your local group closed, have you...

Spoken with your local staff contact and the Local Networks Finance Team?

Arranged payment for any outstanding invoices?

Notified any regular donors?

Made sure that any members of your local group who pay membership subscriptions via UK office have been notified of your closure?

Sent all financial records (including your closing bank statement) to UK office?

We're the Parkinson's support and research charity. Help us find a cure and improve life for everyone affected by Parkinson's.

We bring people with Parkinson's, their carers and families together via our network of local groups, our website and free confidential helpline. Specialist nurses, our supporters and staff provide information and training on every aspect of Parkinson's.

As the UK's Parkinson's support and research charity we're leading the work to find a cure, and we're closer than ever. We also campaign to change attitudes and demand better services.

Our work is totally dependent on donations. Help us to find a cure and improve life for everyone affected by Parkinson's.

Parkinson's UK

215 Vauxhall Bridge Road
London SW1V 1EJ

Free* confidential helpline **0808 800 0303**

(Monday to Friday 9am–8pm, Saturday 10am–2pm). Interpreting available.

Text Relay **18001 0808 800 0303**

(for textphone users only)

*calls are free from UK landlines and most mobile networks.

hello@parkinsons.org.uk
parkinsons.org.uk