

Yorkshire Quaker Governance Group

Recommendations on finance and financial management

In making proposals for the financial management of the single charity, the working group has had four strategic priorities.

- A simple system
- One that maintains the engagement of Local Meetings and individual Quakers.
- One that is future-proofed so that systems can continue to be maintained by paid for processes and staff.
- Openness, transparency and clarity.

The proposal for a single charity has major implications for the financial management of the assets of the current Area Meetings and Quakers in Yorkshire. As a single charity the authority and responsibility of Trustees of the charity is paramount. In terms of finances this means:

- Authority: The trustees determine the accounting rules which the charity uses ie the financial procedures.
- Responsibility: The trustees of the charity have to be actively responsible for the finances of that charity. This means they must receive regular financial reports (eg quarterly) and exercise scrutiny. An end of year report which consolidates multiple small entities is not sufficient.

The proposal is for a single accounting system. This would enable quarterly reports to be drawn down regularly for Trustees and for proper scrutiny to take place.

Strategic priorities

Simplicity:

In order for the system to be simple it needs to have a single accounting system and a single bank account. A single accounting system could be managed by a single firm of professional book-keepers or our own team.

Within a single accounting system it is possible to have numerous funds – eg funds for local meetings, invoices and receipts fund, donations fund, investment income fund. These are not separate bank accounts. A separate donations fund would enable Gift Aid to be claimed and accounted for regularly using a bespoke churches system. (<https://www.fundfiler.com/>)

Maintaining engagement:

We recognise that Local Meetings are at the heart of our spiritual activity and this includes our finances. Local Meetings need to know how their money is raised and spent and to make key decisions about the use of their resources.

It is possible in online systems to identify all financial transactions by an outlet – in our case a Local Meeting.

Local meetings would need a Treasurer, or nominated servant of the meeting, who has authority to issue instructions for invoices or grants to be paid or issued, viewing rights and the ability to draw down reports from the system. They would also be able to see income from donations and gift aid received and report this to their Local Meetings.

Future proofing:

The single charity will have to pay for the financial management of its assets. All Area Meetings pay to some extent for their finances to be managed although some do this to such

a small extent it will be a major change to have to pay for professionals. Some meetings do have highly skilled and experienced volunteers but their spread is uneven and they are often retired. There is a high level of risk associated with Friends managing their own money without professional advice or expertise.

Openness, transparency and clarity:

Once the charity is established, Friends will be encouraged to ask for financial reports and plan their giving and capital work and take strategic decisions about the use of their meeting houses. The Trustees of the charity will be nominated members of Area Meetings and the minutes will be open and available for scrutiny. This will include the financial reports received quarterly.

A memorandum of understanding will be drafted which covers the key areas of financial management and responsibility. This will cover:

- The processes any Local (or Area Meeting) fund manager/treasurer/servant of the meeting would have to adhere to and the rights of control of money in Local Meeting funds.
- The costs associated with the management of money.
- The use of investment funds (e.g. derived from sales or other income of properties) which are not restricted by a donor/Charity Commission scheme.
- At a later date it may cover reserves and possibly mutual aid.

The drafting of the memorandum of understanding will involve representatives of all the Area Meetings so that there is engagement and agreement on financial management from the inception of the charity and cooperative working with those who currently have a key stake in the financial management of Area Meetings.

An **evolutionary approach** means that once agreement is reached on processes, we will have to decide the best way of integrating the AM funds and transferring them to the new charity. This may be a phased joining of Area Meetings to the Yorkshire Quakers so that those managing the process at the receiving end will not be overwhelmed. Or it may be a sequence whereby those that have tax and employee responsibilities would change on 31st March. These processes will be negotiated.

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