



Landcare Notes

Financial management

Good financial management is important to help make sure your group has the funds for what you want to do, and for keeping a record of what you have done with the funds.

This Landcare Note will help you with what you need to know about financial management.

Keeping your group finances healthy

Landcare groups are non-profit organisations but will have some finances that need to be managed.

No matter how much money is involved, you need to manage the finances and be accountable for the money if you want to survive and thrive.

Like your own household budget, managing your group's finances is all about planning and controlling the money you have and how it is used. In a community group there is a higher degree of accountability needed in terms of organising and recording finances.

Collecting and using money for a group is subject to ethical behaviour in terms of how it is used (known as governance), and legal considerations (refer to Landcare Note 4.5: GST and ABN). You need to ensure every transaction is handled and recorded so there is a clear trail for budgeting and reporting on the group's finances.

How to do it

A healthy financial management system will involve:

1. Being responsible for financial matters
2. Having practical financial systems
3. Reviewing financial processes regularly

4. Having mechanisms in place to deal with future changes (see *Our Community* and Australian Government references below)
5. Having clear and transparent processes and records

Responsibility for the finances

Whether or not your group is incorporated, your committee is responsible for the finances. The committee usually chooses a treasurer as the delegated authority for your group's financial management (see Landcare Note 1.3: Committee Roles), but ultimate responsibility rests with the whole committee. Good record keeping and reporting to the group is important.

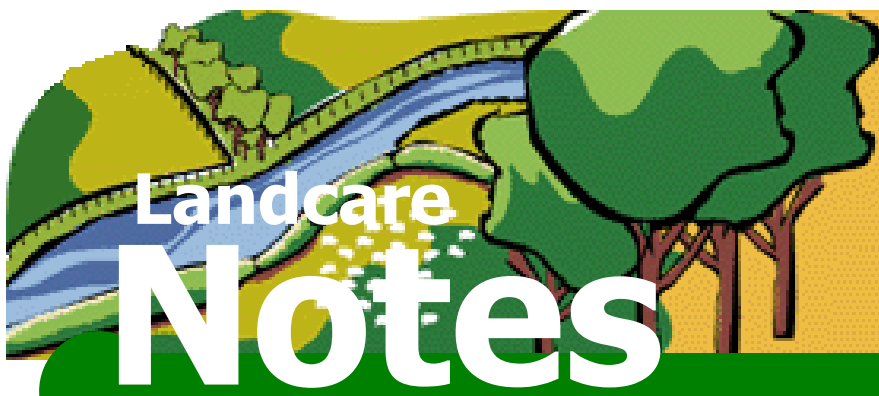
You should get regular advice from a registered accountant to ensure the financial system you are using is appropriate to your needs. You may find an accountant who is willing to help voluntarily.

The system you will need

The following are the basic aspects of the financial system you need to use. See the relevant Landcare Note for more detailed information.

- The financial plan or budget (see Landcare Note 4.4: Budgeting)
- Receiving and distributing money (see Landcare Note 4.3: Banking)
- Keeping records (see Landcare Note 4.2: Keeping Financial Records)
- Complying with requirements of incorporation (see Landcare Note 7.2: Incorporation for Landcare Groups)
- Complying with tax regulations (see Landcare Note 4.5: GST and ABN)
- Financial reporting in and outside your group as needed.

You also need to make sure the money is always in safe custody (see Landcare Note 4.3:



Banking) in terms of bank accounts, cash and cheque books kept secure and who is authorised to do the various types of banking and money management, such as signing cheques or withdrawing funds.

The group may raise funds (see Landcare Notes: 3.5 Local Fundraising; 3.3 Sponsorship) through a one-off grant, regular sponsorship arrangements or even service charges. No matter how you do it, your financial management system needs to cover the funds to make sure they are handled correctly for a not-for-profit group and there is an appropriate reporting system in place. Receiving funding usually requires the creation of a tax invoice; see Landcare Note 4.5: GST and ABN, for more information.

Transparency

The management of your finances should be transparent. This means you need to follow all the appropriate and recommended processes to ensure your group knows where you keep the records and what the financial situation is.

Having your financial records freely available for review is an important element of transparency. Your group should make sure there is a regular review of the financial management system to protect yourselves. You also need to know that your group is complying with financial procedures and requirements.

Key tools

Your group may want to consider documenting your financial procedures in a Financial Procedures Manual, which describes financial procedures and ensures continuity when there is a change of responsibility for the finances on your committee.

Have a clearly written annual budget for your group as well information that makes it all come together – books of account, including receipt books, bank deposit book, cash-book, members ledger, as well as a calendar of financial commitments such as insurance, rent, printing and postage.

Financial statements are needed for regular reporting to the committee and they should cover the source and amount of income, your operating expenses, the amount of money invested and any outstanding debts. A computer based program can be useful in helping you keep track of these records; refer to Landcare Note 4.2: Keeping Financial Records for more information.

The *Guide for Community Treasurers* is a thorough booklet of what you need to know about managing finances for a community group.

And remember, while good accounting (knowing exactly what's coming in and going out) is important, good financial management also includes planning and budgeting.

Further references

Victorian Landcare Gateway:
www.landcarevic.org.au

Australian Government – *Understanding Money*:
<http://www.understandingmoney.gov.au/content/default.aspx>

Galbally, Rhonda (2005) – *Guide for Community Treasurers*:
http://www.ourcommunity.com.au/files/community_treasurers_guide.pdf

Our Community – *Community Financial Centre*:
http://www.ourcommunity.com.au/financial/financial_article.jsp?articleId=2205

Landcare coordinators in your region– contact your Catchment Management Authority

Chartered Accountants -
<https://members.charteredaccountants.com.au/customer/custom/FindCA/FindaCASearch.asp?location=shortcuts>

Related Landcare Notes

This Landcare Note is one of a series. These notes provide an excellent guide for the ongoing operation of your group.

Landcare Note 1.3: Committee Roles



Victorian
Landcare
Program

Landcare Notes

Landcare Note 4.1

Landcare Note 3.3: Sponsorship

Landcare Note 3.5: Local Fundraising

Landcare Note 4.2: Keeping Financial Records

Landcare Note 4.3: Banking

Landcare Note 4.4: Budgeting

Landcare Note 4.5: GST and ABN

Landcare Note 7.6: Permits and Permissions in Victoria

Acknowledgements

Compiled by the Port Phillip and Westernport Catchment Management Authority's Landcare Support Team

© The State of Victoria Department of Environment, Land, Water and Planning 2016



This work is licensed under a [Creative Commons Attribution 4.0 International licence](http://creativecommons.org/licenses/by/4.0/). You are free to re-use the work under that licence, on the condition that you credit the State of Victoria as author. The licence does not apply to any images, photographs or branding, including the Victorian Coat of Arms, the Victorian Government logo and the Department of Environment, Land, Water and Planning (DELWP) logo. To view a copy of this licence, visit <http://creativecommons.org/licenses/by/4.0/>

ISBN 978-1-76047-258-0 (pdf/online)

Accessibility

If you would like to receive this publication in an alternative format, please telephone DELWP Customer Service Centre 136 186, email landcare@delwp.vic.gov.au via the National Relay Service on 133 677 www.relayservice.com.au

This document is also available on the internet at www.landcarevic.org.au

Disclaimer

This publication may be of assistance to you but the State of Victoria and its employees do not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.