



Landcare Notes

Banking

This Landcare Note outlines the tasks associated with banking and offers information on how you can assess and improve your banking activities for the group.

The fundamentals of banking for a community group

When you're setting up your group and your financial management system, you need to think about:

- The type of bank account you need
- How you will collect and collate any money coming in (cash and cheque)
- How you will deposit and withdraw it
- The best way of holding any unused money
- How you will record and report all the transactions involved.

How to do it

Type of bank account

Consider the needs of the group and your treasurer, by asking some questions:

- How often will you need to do the banking?
- Do you need a cheque book?
- Do you intend to use electronic funds transfer point of sale (EFTPOS), internet banking and/or telephone banking?
- Do you want a bank book, or can you rely on bank statements and the receipt book?
- How often will you need bank statements?

Next you need to find the type of account that best meets your need at a bank that is convenient. Some banks offer special community accounts for not-for-profit organisations but if that's not possible, try to

minimise service charges. Check the costs of such things as:

- Monthly account keeping fees
- ATM transactions and enquiries. While most community groups do not use ATMs for transactions and enquiries, they have lower fees than over-the-counter service and can save you money. Just remember that any inquiry will generally be charged for, including account balance checks
- Paper deposits over-the-counter at your branch. This is generally the most expensive bank fee and where you should investigate ways of minimising these transactions. Investigate whether the people who pay you can do so by a direct deposit into your account or an electronic transfer
- Electronic transactions. The internet is now a secure, low-fee way to access your account details and make payments
- A direct debit or credit option can save time and money. They can be used where you make payments from, or get deposits to your account
- Term deposit accounts to hold temporary excess funds can add to the group's income by getting higher interest paid to the account. Consider using an account to hold funding for a major project which will take some time to implement. There also are accounts that have an initial holding period after which funds are available. Any new funds added need to be subject to this holding period before being available.

Collecting and collating incoming money

The money you may receive includes membership fees, grants and donations, coming in as cheque, cash or electronic funds transfer



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However the money comes in, it must all be recorded properly in the receipt book (see Landcare Note 4.2: Keeping Financial Records) and then delivered to your account.

You might also need a petty cash account. That's a small amount made available to the secretary for buying minor or urgent items without referring to the normal purchase procedures. Your executive committee can decide on a suitable amount.

Deposits

All money should be banked promptly – delivered physically to a bank branch or ATM. Don't hold on to money for too long before you bank it, but don't risk excessive bank charges by doing too many transactions of individual amounts. Make sure you document the deposit carefully in a bank deposit book.

Expenditures (withdrawal)

Using a cheque book could be very useful for you. One advantage is that the cheque stubs become a record of your expenditure and secondly, it can be a convenient way of requiring the treasurer and another member of the executive committee to jointly sign-off on the expenditure.

Having two signatories for a cheque helps ensure your money is spent appropriately and protects the treasurer if there is some future dispute over group expenditure.

You should consider having several members of the executive (other than the treasurer) who can sign cheques on your behalf as this will ensure prompt payment of invoices when someone is away.

The alternatives to using cheques are internet and telephone banking, ATMs and EFTPOS. If the treasurer has sole responsibility for limited

scale transactions, these methods can be very efficient and it means appropriate records are kept.

Recording and reporting money movements

Bank records and statements are vital for the production of accurate financial statements (see Landcare Note 4.1: Financial Management). Keep all dockets and receipt numbers from credit cards, telephone banking, ATM and internet transactions so you have a record to verify bank statements and provide details of the deposits and withdrawals.

Further References

Victorian Landcare Gateway:
www.landcarevic.org.au

Landcare coordinators in your region – contact your Catchment Management Authority.

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

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

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 4.1: Financial Management

Landcare Note 4.2: Keeping Financial Records

Acknowledgements

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Victorian
Landcare
Program

Landcare Notes

Landcare Note 4.3

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