



Resources for **small groups**

Financial Feet Finder

A Financial health check is a “friendly” scrutiny of your financial systems and procedures by an independent person with a view to discovering areas where improvements are needed. It is not an audit of your accounts. The report and recommendations all aim at suggesting improvements to your systems and procedures.

Voluntary groups and charities (like any other businesses) need good financial systems so as to avoid running out of money and avoid allegations of fraud. Good financial systems enable them to spot problems quickly and adjust their activities before things get out of hand. It is the aim of the financial health check to ensure you have good and effective financial systems.

Advantages

A financial health check has many advantages. It:

- Gives comfort to trustees and staff that they are doing things right
- Gives confidence to grant makers and/or supporters that their money is in safe hands
- Makes recommendations for improvements in systems and procedures
- Does not play the blame game; it does not point any accusing figures at anyone
- Points your organisation in the direction of legality and accountability

There is a shorter version of the full financial health check called Financial Feet Finder which is more suitable for small groups. It takes approximately half a day to complete. You may complete it on your own at your own pace and later discuss your answers with the MVSC Community Accountant or it can take the form of an interview with the Community Accountant completing the form from your answers.

The end report covers the following areas, among others:

Background and governance

This covers background information about the group: aims and objectives, mission, a short history of the group, constitution, the composition of the management committee, key personnel such as the Chair, Treasurer and Secretary and, in some cases, the Director or Chief Executive.

Annual reports and accounts

Are your financial statements prepared in accordance with recommended practice, SORP? Are they filed on time, etc...? If not, what are the problems and how can they be resolved? This analysis helps the Community Accountant determine what level of assistance you need.

Financial planning

This covers areas of budgeting and cashflow forecasting. Do you prepare budgets and cashflow forecasts on time? Do you use your budgets the right way, as a tool of management?

Internal financial controls

A financial health check looks at the systems of internal financial controls that you have to determine, for example, the control over purchasing, payments, receipts and petty cash systems.

Volunteers

Are you treating your volunteers, if any, the right way? Do you pay them a flat rate per hour, day or week? Is that right? What procedures do you need to follow when you engage volunteers? Do you have a volunteer policy? Etc....

Assets management

The financial health check will look at your Assets Management Policy and procedures and assets security, among other areas.

