



**Provincial Grand Chapter of Somerset**  
E.Comp. B K Woodside Grand Superintendent

# Guide for Chapter Treasurers

## Contents

- 1 Introduction
- 2 Taking over the reins
- 3 Banking
- 4 Day to day records
- 5 The Cashbook
- 6 The Register of Subscriptions
- 7 Budget
- 8 Benevolent Account
- 9 Year End Accounts
- 10 Presenting and Reporting
- 11 Account Examiners
- 12 Summary

## **1 Introduction**

Congratulations on your appointment as Treasurer of your Chapter

These notes are intended to provide those new to the role with some gentle guidance and may also serve as a handy reference for the old hands who have been doing the job for some time.

They are not intended as a comprehensive set of rules to be followed to the letter as Chapters have their own individual practices which do not fit into a “one size fits all” set of accounts.

They are an attempt to set out good practice and to remove unnecessary hassle.

Remember that you are dealing with the financial records of a non-profit philanthropic organisation and not a multinational corporation. However, it is important to keep a comprehensive record of all transactions. It is only to facilitate an easy handover in the unlikely event that you find someone to take over the job when the excitement for you has gone.

They will set out the basic duties of your role as well as the requirements as set out in the Book of Constitutions (regulation 153) and the by-laws of the Chapter.

The office of Treasurer is an important one as the appointee has been elected by the Companions as their choice to ensure that their funds are responsibly managed, recorded and reported.

It is your responsibility to produce a complete and accurate report on the financial position of the Chapter as soon as is possible after the end of the financial year as set out in the Chapter bylaws, and after they have been duly examined and certified by the Accounts Examiners, present them to the Companions of the Chapter for approval.

In most cases you will be taking over from a Companion who has a set of books which he has been using for a considerable time. Do not try to reinvent the wheel. In most cases he will have been producing the accounts in a format which the Companions are used to seeing and are happy with. However, if you want to change them to a format which is more acceptable to your way of working, make sure you have the blessing of the Companions before scrapping the old one. It may be a good idea to present them in both old and new formats the first time.

## 2 Taking over the reins

Whenever possible sit down with your predecessor and go through his procedures and records. Hopefully, he will be using spreadsheets and internet banking. In all cases you do not necessarily need physical copies if you have them electronically. You must ensure that there is at least one back up of all files.

You will need:

- (a) A copy of the last certified accounts,
- (b) Details of all bank accounts of the Chapter.
- (c) Details of the responsibilities of the Charity Steward.
- (d) The working papers of the previous year's accounts.

In particular:

- i, Details of any accruals or prepayments. Especially subscriptions received in advance and those in arrears. This is essential for chasing defaulters.
  - ii, Bank reconciliation (where the bank statement balance is reconciled to the Cash Book balance for any outstanding cheques cleared after the year-end)
  - iii, Budget for the year if it exists.
- f/ Details of the Companions who have been elected to examine the accounts.
- g/ Details of any assets and insurance in place in the name of the Chapter and check if any insurance held by the Masonic Centre where the Chapter meets cover the Chapter's assets and personal liabilities.

### **3 Banking**

You will need to change the bank mandates as soon as possible as money laundering legislation has resulted in changes to signatories usually taking an awfully long time. It may prove expedient to add yourself before removing any others. The bank will require a copy of the minutes approving any change to the bank mandate. These requirements will be set out in detail on the form which your bank will provide. If in any doubt about the requirements of the form, ask the bank. If there are any errors or omissions, you will probably have to start again.

There should be at least two bank accounts, one being the General Account and the other the Benevolent Account. There may also be a deposit account plus other accounts for specific purposes peculiar to your Chapter. Ideally, I would suggest that there should be no more than four. Two for the General Fund and two for the Benevolent Fund. Current and Deposit for both. Remember that the benevolent funds should be ring fenced (i.e. separate). Apart from any donations that the Chapter may decide to transfer from the General Account to Benevolent.

In some Chapters the Charity Steward has his own bank account which he has responsibility for paying monies into. However, as Treasurer it is your responsibility to ensure that all transactions are properly recorded and included in the accounts which you will prepare.

It is essential that all monies are analysed and banked as soon as possible and that dining fees in particular are matched to meals paid for and that any non-payers may be identified quickly. In some Chapters there is a Dining Steward who collects the fees and ensures that all meals are accounted for but it is still the Treasurer's duty to make sure that all meals booked are paid for.

### **4 Day to day records**

There are two essential accounting records which you will need to keep. Namely the Cash Book and the Register of Subscriptions.

### **5 The Cashbook**

The Cashbook is a day-to-day record of all transactions of the Chapter with an entry for every individual transaction analysed over the relevant headings as they will appear in the annual accounts.

These entries should match those on the bank statements.

All entries relating to expenditure should be supported by invoices and receipts or emails detailing the authority to pay. In the case of reimbursements (e.g. to the Scribe E for postage) receipts for the expenses being claimed. If the byelaws of the Chapter require authority above a stated sum, then any such expense must be supported by the appropriate minute.

Income shown in the bank account should be supported by detailed analysis and subscriptions and dining fees listed showing the payers.

If these records are to be kept manually there are many different books of accounts available from stationery suppliers, but spreadsheets are much more convenient and easier to back up (and correct if necessary).

## **6 The Register of Subscriptions**

The Register of Subscriptions can be merely a list of Companions noting when they pay their subs, or it can take the form of a comprehensive spreadsheet or ledger showing the name, subs due for each year, date and amount paid and any balance outstanding. It is important to keep the Scribe E up to date with the situation regarding arrears so that he can take the appropriate action. It should not be the Treasurer's responsibility to issue invoices or reminders as Companions themselves should be held responsible for ensuring that their subs are up to date.

In most Chapters the provision of Rule 104c of The Book of Constitution "A Lodge (Chapter) in its by-laws may provide that the services of its Secretary (Scribe Ezra) be equivalent to the appropriate subscription of the Lodge, but shall remit to Grand Lodge and to Provincial or District Grand Lodge the requisite payments due in respect of his membership of the Lodge" is applied. This should be noted in the Register.

It is to the Treasurer's advantage to encourage the payment of subs by standing order. Although a lot of Companions will need repeated reminders to change the amount when subs increase.

In some Chapters it is the practice to set the first year's subs of a new Companion pro-rata to the proportion of meeting he will be eligible to attend during that year. This will be set out in the byelaws of the Chapter and recorded accordingly in the Register.

## **7 Budget**

Not all Chapter Treasurers prepare a budget, but it is good practice and can be particularly useful to avoid the sudden need to request a significant increase in subscriptions or, even worse, voluntary contributions to meet an unexpected deficit. If the previous year's accounts show a deficit when you take over, then you will need to look at raising subs for the next year and dining fees for this year (subject to approval by Chapter in accordance with the byelaws) and voluntary contributions if there is little or no surplus from previous years to use.

The budget does not need to be too detailed but should concentrate on the main areas of spend. It is better to err on the side of caution so that any surplus greater than that anticipated is a bonus.

There is no obligation to present a budget to the Chapter, but it may be worth considering distributing it to Companions for information. But beware if it is done once it will be expected every year.

## **8 Benevolent Account**

It is a requirement that all Benevolent funds must be ring-fenced and as such kept entirely separate from the other accounts of the Chapter. As previously mentioned, in some Chapters the Charity Steward has his own account. However, it is the Treasurer's responsibility to ensure that proper records of all transactions are kept, and he must present these accounts at the same time as those of the General accounts.

To this end there should be a separate Cashbook with supporting documentation as with the General Account.

## **9 Year End Accounts**

The Financial Year End will be set in the byelaws of the Chapter but will usually be either 31<sup>st</sup> December or 31<sup>st</sup> March. The byelaws will also set out the convocation or period after the year end when the accounts should be presented to the Chapter,

The format of the accounts will vary from Chapter to Chapter, but they must consist of;

### **A General Income and Expenditure Account**

This will summarise the Income and Expenditure as recorded in the Cashbook, analysed over their sources and purposes. For example, the Income will include Subs, Dining fees and any ad hoc donations, and the expenditure will show Grand Chapter Dues, Provincial dues, Admin expenses etc.

Some Chapters choose to present their accounts on a cash basis. However, it is good practice to accrue for any uncleared cheques or other expenditure which has been committed but not yet paid for and also, any outstanding subs where there is a reasonable expectation of recovery. There may even be some prepaid subs to deduct from the income to carry forward.

The difference between the adjusted income and expenditure will be the surplus or deficit for the year.

### **A General Account Balance Sheet**

This shows a snapshot of the financial state of the Chapter at the close of the year end date. It shows the balance brought forward at the beginning of the year and sets out the movements to the closing balances. This is done by summarising net surplus or deficit as shown in the income and expenditure account, any accruals or prepayments and balancing them to the adjusted bank accounts.

### **A Benevolent Income and Expenditure Account**

### **A Benevolent Account Balance Sheet**

Remember you will need time to pull everything together for the Examiners to certify before presentation to the Companions, If possible you should present them to the Chapter Committee prior to the convocation as it may forewarn you of any questions that may arise.

## **10 Presenting and Reporting**

It is not necessary to give a report at every convocation unless there is anything unusual that you feel the Companions should be made aware of.

Once the accounts have been examined you must present them to the Chapter Committee before presenting them for approval by the Chapter in accordance with the byelaws and, once approved, send a copy to the Provincial Grand Treasurer.

## **11 Account Examiners**

The Account Examiners are appointed by the Chapter to satisfy themselves, on behalf of the Companions, that the Accounts represent “a true and fair view of the state of affairs as at 31<sup>ST</sup> December 20xx and the results of the respective accounts for the year ended on that date”.

Their function is not to try to catch the Treasurer out, but rather to help him by ensuring that he has not inadvertently miscast a column and to suggest any ways in which the presentation of the accounts may be improved.

Having said that, it is vital that the Examiners should actually examine the accounts in detail and should not just sign them blindly.

It is important to ensure that the Examiners are provided with the draft accounts and all supporting documents as quickly as possible to enable them to produce their certification in a timely manner.

## **12 Summary**

I hope that this brief guide will prove useful. If you find any errors or omissions, I shall be grateful if you could let me know.

As a final observation I would add that it is important to keep your records right up to date. It makes your job so much easier and saves the horror of finding a receipt or payment on the bank statement and not being able to remember who it was from or what it was for.

Last, but by no means least, I would like to express my gratitude to E. Comp Ray Sheppard for his invaluable assistance in producing this guide.

**Tel Hayes**

**Provincial Grand Treasurer**

**Provincial Grand Royal Arch Chapter of Somerset**

**Treasurer@somersetroyalarch.org**

**01458 445183**

**07947 353505**