

Scout Group Bank Accounts

The Scout Association requires scout groups to use bank accounts (see Policy, Organisation & Rules: rule 3.50). There are currently no rules which affect your choice of bank, and groups will normally use a bank which is convenient given the group's location and similar issues. The association itself currently use Barclays Bank. Barclays have agreed that scout groups, districts and counties can receive free banking with Barclays.

A group bank account is the best practical way to ensure that the activities of the scout group can be paid for and expenses reimbursed. A bank account held in the name of the scout group is appropriate; as it is forbidden for money to be held in the private bank accounts of individuals.

The group account(s) must be operated by the Group Treasurer and other persons authorised by the Group executive committee, with a minimum of two signatures required for any withdrawal.

POR does not specify who should be the bank signatories. Rule 3.50b states that the account(s) will be operated by the Group Treasurer and other persons authorised by the Group executive committee .

The requirement for two signatures for any withdrawal exists to safeguard you as an individual, the Scout Group and Scouting in general. This requirement is defined in POR, and in Charity Commission guidance. Members of the Group executive committee failing to operate the system correctly may (in their capacity as Trustees) find themselves personally liable for any losses. A common cause of large embezzlements of Scout Group funds is trustees not using the two signature system sensibly or honestly.

Top tips:

- Do not pre-date or post-date cheques.
- Ensure safe storage of cheque books, and ensure all stubs are fully completed.
- Do not sign a blank cheque.
- Before signing, the invoice should always be shown so that the accuracy of the cheque is confirmed.
- Arrange for monthly bank statements. These should be checked and reconciled against the account book so that any error is spotted quickly.

Some Groups keep separate bank accounts for each of their sections, while many others have just one account for the whole Group. This decision is left to the Group executive committee, as is the extent to which the funds of each particular section are ring-fenced. The Group Executive will need to find the correct balance between strong central control which is possible with a single bank account controlled by key executive members, compared with the ease of operation where each section operates its own account.

If you do choose to have sectional accounts then they must be set up as official accounts of the scout group, (for example '1st Thames Scout Group – Beavers'), the bank must be made fully aware that the account belongs to the group.

If your group holds separate accounts for its sections you will probably choose to have leaders within each section as signatories, but it is important that the group treasurer is a signatory on every account held by the group. This will ensure that the treasurer can deal directly with the bank if the leadership in the section changes or communication with the leaders becomes difficult. The group treasurer should receive the bank statements, but they do not need to sign every cheque.

Your sections should not expect substantial financial independence, but the group executive committee would be wise to avoid de-motivating leaders if, for example, one section does the bulk of the fundraising.

The payment of money into a sectional bank account fulfils the requirement of 'paying the money into the group's bank account' (POR Rule 3.49). That would not be the case if an account is opened and run by an individual leader.

Guidelines on opening an account

Most banks and building societies offer special accounts for small voluntary and community organisations and give free banking as long as your account is in credit. The conditions and benefits vary slightly from bank to bank further information on different accounts and what they offer can be found in the appendix of this guide.

Opening a bank account can take several weeks, or even a few months. Be careful to fill the application form in thoroughly, and send all the information that is requested. This should be sufficient, but the bank may still write to ask for further details before opening the account.

You will be asked for proof that your group is a voluntary, non-profit-making organisation and not a private business. Ensure that you make this clear or you will be treated as a small business and have to pay charges.

This could be one of the following:

- Copy of your group's constitution
- Letter from the chair and secretary of your group
- Copy of resolution passed at AGM authorising your group to open an account with the bank
- Charity registration confirmation/trust deeds (if group is a charity)

At least two people should sign each cheque that your group writes, or each time you withdraw money from the account. You can have a pool of people who are named as 'signatories' for the account, any two of whom can sign cheques. The signatories should be people with good credit ratings (i.e. no 'bad debts') as the banks will run credit checks on all the signatories. Unless they have an account with that bank already it will be necessary for them to go to the branch in person with:

- Proof of identity - e.g. driving licence, passport, child benefit book
- Proof of address - e.g. utilities bill, benefit book, tax demand.

Online banking

Many banks now offer internet banking and the use of debit cards. These are very convenient but do not give the security of a cheque payment that requires two signatories. Your group will need to set up a system to ensure the account is checked on a regular basis and that all internet and card payments have to be signed by two people. *Policy, Organisation and Rules* requires that, to safeguard charity funds from misuse, two signatures are needed to authorise any payment to a third party.

Internet banking needs to provide the electronic equivalent of this, i.e. dual, secure logins to authorise transactions. The Charity Commission publication CC8 *Internal Financial Controls for Charities* section E4 includes guidance for charities on the use of electronic banking. Ask your bank what dual authority options they provide, and whether this involves additional charges. Although most banks do have products available which give dual authority control over payments, the charges are often too high to interest a Scout Group.

We have been informed that CAF bank has a current account for charities which gives dual authorisation for electronic payments without extra costs, and other banks may offer similar services already or could do so shortly.

A Group informed us that they applied for online banking just to view up-to-date statement information but then found they had been enabled to make payments with just one person authorising. They asked if it was alright to use this provided the person making payments first obtained a second person's signature on the supporting documents. We had to tell them that this was not acceptable and that they should cancel that online facility. It was possible for one person acting alone to make payments without first getting that second signature, so their proposed safeguard was ineffective.