

Enriching the relationship between charity Chairs and Treasurers

Shared learning from Chairs and Treasurers

The Association of Chairs and the Honorary Treasurers Forum held a joint event on 3 November as part of Trustees Week 2016. Trustees Week showcases the great work that trustees do and highlights opportunities for people from all walks of life to get involved and make a difference. The event brought together Chairs and Treasurers, both as panellists and attendees, to share experiences and best practice on enriching their relationship.

Kate Sayer, a trustee of the Association of Chairs and long-time supporter of the Honorary Treasurers Forum, chaired the panel and on the panel were:

- John Thompson (Chair) and Jonathan Lawlor (Treasurer) from Wandsworth and [Westminster Mind](#)
- Mary-Anne McIntyre (Chair) and Simon Mollett (Treasurer) from [Fitzroy](#)

It is the first time that the two organisations have held a joint event for their members, all of whom were encouraged to bring along their opposite number. The lively discussion and debate highlighted the different perspectives taken by the holders of each role.

The event was aimed primarily at large and medium charities which have finance staff over which the Treasurer has oversight. There were also representatives from smaller charities where the Treasurer may be the book-keeper and be personally in charge of day-to-day financial operations.

The Chair and Treasurer are the two charity officer roles which are defined by the Charity Commission. It was clear that the relationship between the two was seen as very important, but there was a danger that each was pigeon-holed in their roles and responsibilities.

A Chair commented:

“I don’t need to worry about finances because I trust my Treasurer.”

Treasurers were concerned that:

“The Chair ensures that other trustees engage and understand that they are also accountable for finances.”

The Chairs saw their role as being forward looking, strategic and relational. Generally they expected that their Treasurers would have significant financial skills, be able to interpret finances and analyse and flag any potential risks. There was a danger that they didn’t respect the broader skills of Treasurers, who saw themselves as also needing to be strategic and to be able to frame finances and risk in the context of the strategy. It was felt, and demonstrated, that Treasurers with broader skills make very good Chairs!

The blend of a skilled Chair and Treasurer can provide a powerful combination which is valued by the rest of the board. It was felt to be essential that Chair and Treasurer have a shared view about the charity's ambition and attitude to risk. It was noted that a good Chair and Treasurer need to be cautious about being perceived as too difficult (or cosy) a partnership to challenge.

There was strong agreement that the financial situation needs to be understood by the whole board to enable board members to make choices. **Finances should be seen as an enabler not a driver.**

The points raised by the panellists and during discussions ranged over:

1. Skills sought during recruitment
2. Induction
3. Building relationships
4. Planning board meetings
5. Creating a culture of openness and trust
6. Distinction between governance and management
7. Getting the balance right between finance and needs of beneficiaries

1. Skills sought during recruitment

It is essential to have clarity in the skills required in each role:

Chair

The Chair's primary role in relation to finances is to ensure the board has necessary information and understanding to agree financial strategy and to make decisions; and that these are made in the context of and in support of the charity's strategy. The Chair's role is to ensure the board is strategic, focuses on purpose, looks forward (rather than back) and is clear about its appetite and approach to risk.

Treasurer

It may seem obvious that Treasurers preferably have accountancy qualifications or have significant financial skills. Whilst it was felt that these skills are useful to have on a board (and not necessarily residing in the Treasurer), qualifications are perhaps of less importance in larger charities with able finance departments. The Treasurer may bring in other skills such as good risk analysis to provide oversight of risk and regulation.

- In smaller charities, the person looking after the finances needs to have financial competency. It can be difficult when a Treasurer doesn't have financial skills
- When a charity has to trade to raise funds, it is helpful to have a treasurer who understands the different requirements
- It's key for the Treasurer to have a strategic role rather than/ or not only operational

2. Induction

Planning for induction is important to ensure that the Chair or Treasurer is bedded well into their new roles.

Induction for all trustees needs to ensure that they have basic knowledge of charity finances, especially the different terminology such as restricted, unrestricted and designated funds. Without this knowledge they will not have the ability or confidence to be able to understand and challenge financial presentations.

3. Building relationships

The Treasurer often acts as a sounding board for the Chair and the two need to spend time in building the relationship, to understand what each other wants and expects. They need to respect each other's skills.

It can be difficult if a new Chair or Treasurer finds that the other is not performing and has not previously been challenged by the past officer. Need to be courageous and have the difficult conversation.

Relationship building is also important between them and other trustees and executives.

- It is expected that the Chair will communicate regularly with the Chief Executive, but the Treasurer needs a relationship with the CE too
- In larger charities the Treasurer will communicate regularly with the chief financial officer
- Chair and Treasurer need to model a relationship that allows non-financial people to understand and ask questions
- Treasurer needs to engage with the whole board, have 1-1s with all trustees and ask what kind of information they need

4. Planning and Running Board Meetings

The Chair and Treasurer need to manage expectations of each other. It's important to communicate before the board meeting to make sure there is a mutual understanding so that meetings go smoothly and there are no surprises. It helps for the Chair to understand the risk attitude of trustees and contact them if they may be uncomfortable over an issue

Quality of papers

- Have manageable board papers
- Treasurers need to analyse /flag risks
- Treasurer needs to interpret information and enable good decision making. Plain English is very important.
- One board has appointed a non-finance person to the finance committee who presents the finance report to the board

During the meeting

- Discussion needs to include the whole board
- Chair needs to ensure that other trustees don't abdicate responsibility for finances to the treasurer
- Chair manages conflicts of interest or entrenched disagreement

5. Creating a culture of Openness and trust

The Chair and Treasurer need to create an atmosphere and build confidence so that trustees can question and challenge without feeling threatened.

- Need to create a culture around the board that nothing is a stupid question
- Enable robust debate
- Chair can encourage the whole board to feel fully accountable for finances
- Chair helps convene contribution from all
- If all finances are delegated to the Treasurer then can get into a vicious cycle where the Treasurer becomes louder - an effective chair balances hearts and minds and ensures that everyone on the board is participating and taking responsibility

6. Distinction between Board and operational activities

Boards only meet 4 or 5 times a year and in the interim can tip from healthy to deficit quite quickly. Between meetings, in larger charities, the Chair will have regular contact with the CE and the Treasurer will have regular contact with the Finance Director or Head of Finance. Both can be challenged by the need to have oversight for good governance but not to micro-manage and interfere in operations. There are differences depending on size of organisation:

- Smaller organisations may need a treasurer with good book-keeping skills. They cannot separate the operational and executive roles
- The Treasurer needs ensure the finance team are up to the job
- Better the finance team, the less work for the treasurer
- Better the Chief Executive, the less work for the Chair!
- Need to ensure other roles are covered too between staff and trustees
- Sub-committees provide a useful bridge between the Board and operational activities
- The Treasurer doesn't need to chair the finance committee
- Many larger charities felt that it was not necessary for the Chair to attend the finance committee

7. Getting the balance right between finance and needs of beneficiaries

Finance should not trump everything - you need policies, principles and values, not profit making.

One Chair begins each Board meeting with a minute of silence to allow all present to reflect on the needs of the beneficiaries.

It is important that the objects of the charity and the needs of the beneficiaries are paramount. Finances do not come first, they may become critical, but the beneficiaries come first. The Chair and Treasurer need to work together to ensure this holds true.

For further information on the Association of Chairs please visit:

www.associationofchairs.org.uk

For further information on The Honorary Treasurers Forum, please visit:

<http://honorarytreasurers.org.uk/>

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Disclaimer: The information in this briefing is for general guidance and is not legal advice.

