

## Report on QFMR process

### *For information and decision by the Treasurer and Chief Executive*

I am writing this report for the Treasurer and Chief Executive, to set out a process for future Quarterly Financial management reporting. At present, we as an organisation are lacking some of the key financial management skills required for a charity of our size. The Office Manager is capable of bookkeeping and basic cost reporting to staff, but his accounting skills end there. The Treasurer is, therefore, taking up much of the work for the QFMR at present, which is not a sustainable solution. For the last two quarters, we have brought in extra help to produce the reports, which has been very useful, but the ideal solution – and the one which I am recommending – is that we hire a management accountant, and move to the following timetable for the QFMR, which would allow us to produce a QFMR within three weeks of the quarter ending, and well in time for board meetings.

Day	Staff Actions	Board Actions
<b>Day 0</b>	Quarter End	Quarter End
<b>Day 1-3</b>	Post remaining invoices	
<b>Day 4-5</b>	Reconcile bank statements	
<b>Day 6</b>	Accountant comes in	
<b>Day 6-10</b>	Accountant checks accounts, produces first draft report	
<b>Day 10-11</b>	First draft sent to Treasurer for his views.	Treasurer reviews and reports back.
<b>Day 12-13</b>	Treasurer's views accounted for, second draft written.	
<b>Day 13-15</b>	Further drafting if required. Accountant briefs CE and key staff on report, especially in readiness for key questions. Accountant works with CE and staff on Financial Planning where needed. <sup>1</sup>	Treasurer reviews, likely approves, and sends to ARC if OK. ARC review the QFMR and report back with any questions.
<b>Day 16</b>	QFMR 'fixed' and added to Board Packs for next board meeting.	ARC report back that they are happy with QFMR.

In total, this amounts to up to two weeks of work with the accountant each quarter. During the first week, they will be working almost exclusively on checking the accounts and producing a report in line with the Treasurer's recommendations. Week two is reserved for re-drafting as needed. Any spare time can be scheduled for advising the staff on the various key points that the report draws up (a *"What you need to know"* session), and answering questions from the Treasurer or Board, including re-drafting as needed.

The total cost for this, assuming that they will be needed for four two-week long sessions, will be approximately £4,500-5,500. This assumes a part-qualified management accountant earning £30-35k pro rata, which is about average for the field.<sup>2</sup> The board has already approved an extra £5,000 for the year to cover extra accountancy fees, - at the last Board meeting, so this is already covered by existing budgets.

The treasurer has advised that we recruit a part time, but permanent, management accountant. This is because having an ongoing role will mean that the accountant becomes much more familiar with our structure, our activities, and our stakeholder relationships, producing more accurate accounts and providing better suggestions.

I would like to have the Chief Executive and Treasurer's approval for this plan.

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<sup>1</sup> The Treasurer states *"any surplus time being used for as hoc tasks to check and improve our internal controls systems/procedures, also to assist Jon with other financial management tasks such as financial scenario-planning in support of the development of our longer-term Strategy, and for such needs as a three-year rolling Business Plan that integrates the Volunteer-input we are committed to and which leads to much earlier drafting of our annual Budget"*

<sup>2</sup> See [http://www.cimaglobal.com/Documents/Jobs-docs/Salary\\_Survey/2012/qualified/UK.pdf](http://www.cimaglobal.com/Documents/Jobs-docs/Salary_Survey/2012/qualified/UK.pdf), 'CIMA salary survey 2012', which indicated a basic salary of £32,493 pa for management accountants. This was confirmed by the recruitment agencies we spoke to.