

# Transparency and Accountability

The requirement for accountability and transparency is most pronounced with regard to financial management. This is because the organisation is most likely, now or in the future, to receive monies by way of grant or donation.

An organisation will demonstrate its accountability by being able to produce an accurate and verifiable record of how it has spent a particular grant. Such a record would show how much was received, how much was spent and that all expended monies were spent on the grant aided activity as agreed by the funder.

In order to demonstrate accountability and transparency, the organisation will need to establish an adequate system for recording and reporting on financial transactions. If the organisation is registered with the Charity Commission for Northern Ireland, it will also need to comply with the [accounting and reporting guidelines](#) laid down by the Commission.

Do you have an adequate system? Answer the following questions and how robust your system is....

## Financial health check

Transparency and accountability

### 1. Can the group show:

- How much money has been received in any given period?
- Who this money was received from?
- How much has been spent and what has it been spent on?
- Grant monies have only been spent on items agreed by the relevant funder

### 2. Is the group confident that their financial recording system is:

- Complete, so that all transactions are recorded
- Accurate, so that information gathered from the system will be reliable
- Able to produce relevant and timely reports
- Easily understood, so that any interested bodies can trace transactions and calculate cash, balances and other assets and liabilities

### 3. Is there an effective audit trail?

For example, can payments to suppliers be traced through the system from:

- an initial purchase order to the supplier
- the receipt of the supplies – the delivery note
- the receipt of the purchase invoice
- authorisation and payment of the invoice
- the bank statement showing the relevant cheque

### 4. Can the group match all expenditure to the appropriate source of income?

For example:

- Is there a separate bank account for each significant source of income? If not, how does the group calculate the cash balance of any grant and ensure that grant monies are only used for the intended purpose?
- Is there a separate ledger/cheque journal for each grant with headings for expenditure which match the budget for the grant as agreed by the funder? If not, how do the group record grant expenditure?

Source: [www.diycommitteeguide.org](http://www.diycommitteeguide.org)

- Is there a system that ensures that all expenditure on project activity can be related to these agreed budget headings?
- Is there a system for recording how much has been spent on each budget heading and how much remains to be spent?