

## OPERATING BANK ACCOUNTS\*

Incorporated Associations need at least one bank account for transactions such as:

- Member fees
- Donations
- Any bills (electricity, venue hire)
- Miscellaneous expenses (events)

## PROTECT YOURSELF AND THE ASSOCIATION

All transactions should go through the Association bank account and not Committee Member personal accounts because this:

- Protects every Committee Member as it provides a paper trail for the movement of money
- Makes annual reporting to CBOS on the income and expenditure statements easier

Because the Association is Incorporated, the account name should be in the Association's name.

## TWO SIGNATURES

To reduce your personal risk, the account should be set up to always require two signatures to approve all transactions. Requiring two signatures from three approved persons works well in case someone is unavailable.

Requiring at least two signatures for all transactions also reduces the risk of fraud because there is more oversight on all transactions.

A Committee which permits the bank account to operate with just one authorised signatory is not acting with care and diligence (one of duties of every Committee Member).

## UNINCORPORATED ASSOCIATION BANK ACCOUNTS

Unincorporated Associations do not have their own legal existence, which means bank accounts used for Association funds must be held in a Committee Member's own name.

This makes it hard to keep Association money and Committee Member money separate. And so, it's harder for a clean paper trail.

The Committee Member may create a new personal account just for the Unincorporated Association's funds. But this will not address the problem that only one Committee Member will have access to the Association funds which are held in an account in their own name.

These reasons might make a committee consider incorporating.

*Practical tip: Sometimes you may need a debit card to make purchases and banks will only issue these in one person's name. Make sure funds transferred from the Association's main account to the debit card account are approved by two persons to create a clear audit path.*