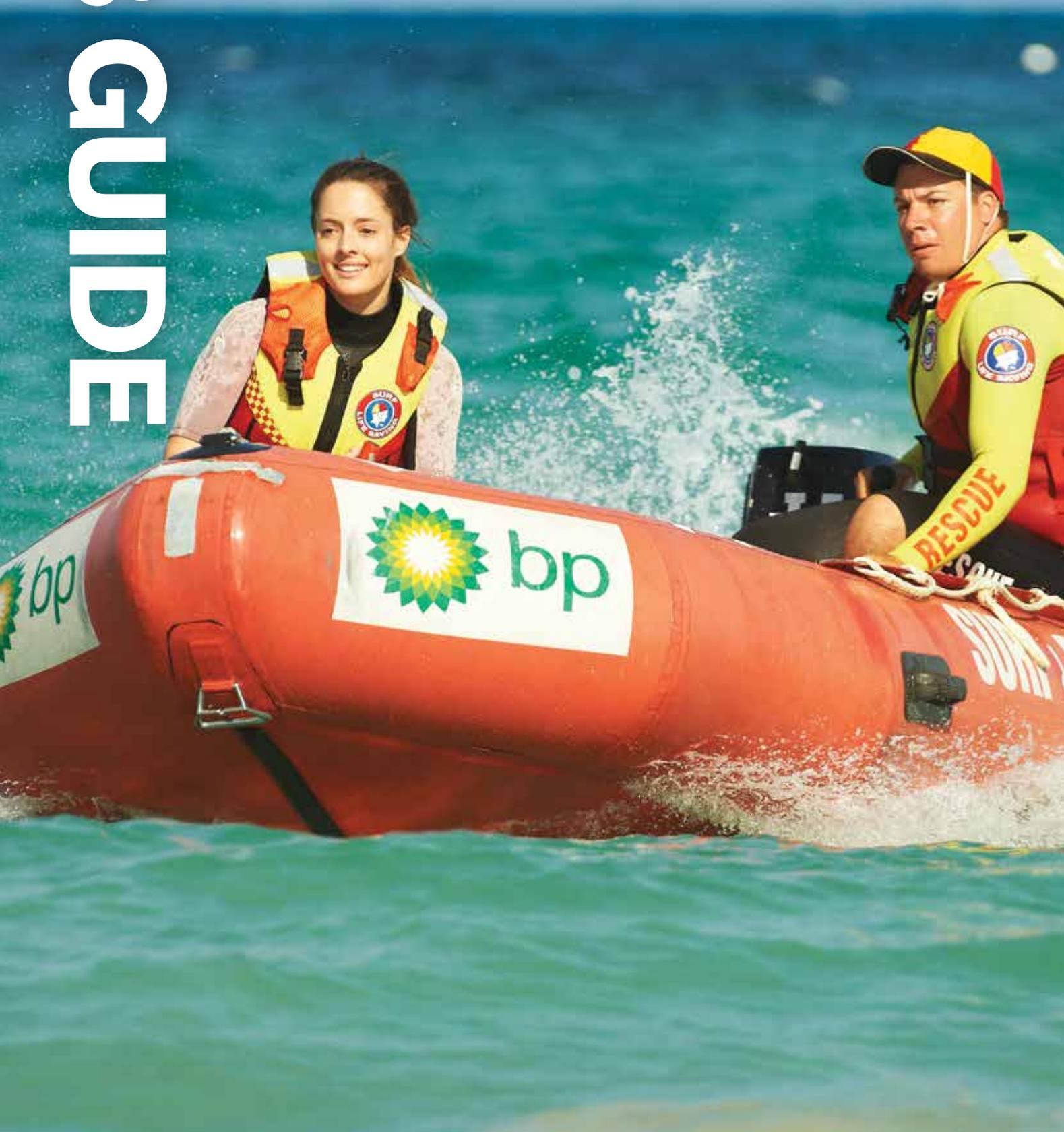


CLUB GUIDE





Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

5.1 FINANCIAL MANAGEMENT

There are a number of references in various standards and legislation about the need for associations to keep proper accounting records.

Under s25 of the Associations Incorporation Act 1987, an incorporated association must ensure that they:

- (a) keep such accounting records as correctly record and explain the financial transactions and financial position of the association;
- (b) keep its accounting records in such manner as will enable true and fair accounts of the association to be prepared from time to time; and
- (c) keep its accounting records in such manner as will enable true and fair accounts of the association to be conveniently and properly audited.

While legislation concentrates on the need to “correctly record and explain the financial transactions and financial position of the association”, an appropriate accounting and financial management system is also necessary to enable the governing body to effectively and efficiently discharge its responsibilities to its members in the running of the club.

In other words, systems should not only provide a mechanism to record historical transactions, but also enable informed decisions to be made about the future of the entity, both short-term and long-term.

It should be noted that the procedures and recommendations contained in this guide apply to ALL activities relevant to your Club. Where, for example, junior activities are operated separately, they are subject to the same obligations and controls as the main activities;

- The overall governing body is responsible for its activities (ratification and approval practices must be carried out by the governing body; it is not sufficient for the committee to assume this responsibility)
- Results must be included in the club’s financial statements
- Internal control procedures and systems must be in place to meet all obligations
- The year-end audit must include ALL areas of the entity’s activities and operations

Accounting Systems

Clubs may operate either a computerised accounting system or a manual accounting system.

Either way, there are a number of minimum components required, not only to provide the executives, officers and members of the organisation with adequate tools, but also to meet legal obligations.

An accounting system could include the following books of record and documentation:

- Cash Book (maintained separately for each bank account operated by the entity)
- Bank reconciliations (performed on each bank account)
- General Ledger
- A record of outstanding debtors (accounts receivable) and outstanding creditors (accounts payable)
- Asset register
- Petty cash book or records
- Register of receipt books (to maintain proper control over the purchase, issue and custody of receipts)
- Source documents i.e. bank statements, invoices and receipts

A computerised accounting system, such as MYOB or Quicken, has the advantage of being able to efficiently provide more detailed reports, for example, income and expenditure grouped by various activities of the organisation. The system must be protected by a secure password.



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

General Ledger and Chart of Accounts

The Chart of Accounts (CoA) is the list of account codes, broadly divided into categories for income, expenditure, assets, liabilities, and equity, which make up the General Ledger (GL).

Transactions are recorded in source journals and documents, such as cash books and cheque books, which may be posted to the general ledger. By applying an account code to every transaction, the activities of the organisation

can be properly reported on, both during the year and at year-end.

It is worthwhile to take time and care designing the structure of the Chart of Accounts for the following reasons:

- GL account codes should be grouped together and organised for easy reference when selecting the correct code to apply to a transaction
- Incorrect classification of an account or transaction (eg an expense item as an asset) can lead to misrepresentation and confusion during the year
- Some accounting systems rely on the rigid structure of the Chart of Accounts to provide meaningful reports
- In some systems, there are added features which allow for further analysis of transactions according to different parameters (eg in MYOB it is possible to use 'Job Codes' to group transactions according to events or programs)

Accounting Methods

Cash accounting recognises income in the period it has been physically received and expenses in the period when they are actually paid. It is often the simpler method to use as it provides a clear picture of how much cash is on hand at any point in time.

Accrual accounting is generally the preferred method of accounting as it allows income and expenditure to be recorded in the period in which they are incurred, regardless of when the cash transaction occurs.

Smaller clubs may find cash accounting adequate and may wish to switch to accrual accounting as they start to grow and require more meaningful information on the overall financial status of the organisation.



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

5.2 COMPLIANCE

Surf Life Saving entities are the fortunate beneficiaries of a great deal of support from the public, not only in the form of hours of volunteer labour and assistance, but also through donations and the results of fundraising activities.

Surf Life Saving Western Australia (SLSWA) holds an authority to fundraise on behalf of itself and all Surf Life Saving entities in Western Australia. This authority has been issued by, and is administered by the Department of Commerce, through the Charitable Collections Advisory Committee

The obligations imposed by the Charitable Collections Advisory Committee and our responsibility to promote public confidence in the integrity of Surf Life Saving entities as recipients of charitable contributions, results in additional financial and accounting requirements.

These obligations and requirements, contained in the Charitable Collections Act 1946, Regulations and the Department of Commerce guidelines, are embodied in the procedures and recommendations contained in this Club Guide, while compliance matters in general are discussed in this section.

Principally, our compliance obligations arise from:

- The particular legal structure adopted by the entity
- Our status as charities
- Australian Taxation Office (ATO)

Legal Structure

Clubs must be incorporated to be affiliated with SLSWA. An organisation may incorporate as either an incorporated association or as a company.

All Surf Life Saving entities in Western Australia are incorporated associations and, as such, are covered by the Associations Incorporation Act 1987. Companies are administered by the Australian Securities & Investment Commission.

As such, these guidelines will concentrate on the obligations and requirements imposed by the Associations Incorporation Act 1987, and relate to our conduct as a legal entity with regard to conducting business, appointing officers, holding meetings and keeping records.

Charitable Status

The Charitable Collections Advisory Committee regulates our fundraising activities by the granting of an Authority to Fundraise in Western Australia. SLSWA holds this authority on behalf of itself and all Clubs in Western Australia for Street Collections in the Perth Metropolitan area and Door to Door appeals only.

Fundraising Income (Raffles)

Raffles are regulated by the Department of Racing, Gaming and Liquor WA¹ (DRGL).

Where a raffle is organised outside the authority of SLSWA (eg for your Clubs benefit only), it will be necessary for your Club to:

- Obtain a Charitable Collections Licence²
- Lodge an application form with the DRGL³

Surf Life Saving Clubs must be aware that there are laws and regulations such as the Gaming and Wagering Commission Act 1987 ('the Act') that are in place for fundraising activities. Provided below is some information in relation to information from the Act.

¹ www.rgl.wa.gov.au

² Two forms need to be lodged: Application for a Charitable Collections Licence (Form 1) and Principal Executive Officer - Declaration and

³ Consent. Both these forms can be found at www.commerce.wa.gov.au/ConsumerProtection/Content/Business/Charities/Forms.html
Form can be downloaded at www.rgl.wa.gov.au/ResourceFiles/ApplicationKits/Gaming/standard.pdf



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Small Private Lotteries

Section 103 of the Act provides that small private lotteries can be held without a permit in the following circumstances:

- where tickets are sold to persons who work or reside on the same premises, or to persons who are all members or the guest of a member of a body of persons (i.e. a club), where the sale of tickets and the declaration of prizes takes place within 8 days and the maximum value of the prize does not exceed \$1 000.00; (one thousand); or
- where the sale of tickets and declaration of the result takes place on the same day and on the premises on which the tickets are sold and the aggregate value of the prizes offered or distributed does not exceed \$2 000.00 (two thousand).

Minor Fundraising activities

Section 108 of the Act provides that organisations may conduct minor fundraising activities, such as a:

- guessing competition or any other competition in which success does not depend to a substantial degree on the exercise of skill without a permit in the following circumstances
- a number game based on sporting achievements of a public nature
- a raffle, chocolate wheel, art union or other scheme or device for the disposition of property; or
- any other minor fundraising activity

Any other minor fundraising activity would otherwise be taken to constitute gaming, betting, or a lottery, when conducted as a means of raising money for the benefit of community, cultural, ethnic or charitable purposes, and not for the purpose of private gain or any commercial undertaking, shall, provided the aggregate value of prizes offered or distributed does not exceed \$200.00 (two hundred), not be taken to be unlawful and shall be deemed to be conducting a permitted amusement with prizes.

Street Collections

Street collections conducted outside the Perth metropolitan area are the responsibility of the local authority (not the Charitable Collections Advisory Committee) and you should contact the relevant council to check what regulations govern local street appeals.

Amount collected must be reported to SLSWA within 21 days.

Deductible Gift Recipients (DGR)

A DGR is a body that can receive gifts or donations from the public, and the donor can receive a tax deduction for the amount of the gift or donation.

DGR's are not required by tax law to issue receipts for deductible gifts, but if they do, the receipt must specify:

- The receipt is for a gift
- The name of the fund, authority or institution receiving the gift
- The DGR's ABN

Other useful information for the donor is:

- The date the gift was made
- The amount of the gift if it was money
- A description of the gift if it was property

What is A Gift?

Gifts have the following characteristics:

- They are made voluntarily
- They do not provide a material benefit to the donor
- They essentially arise from benefaction



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Not all payments to DGR's are gifts. For example, these payments are not gifts:

- Purchases of raffle or art union tickets
- Purchases of chocolate, pens, etc
- The cost of attending fundraising dinners, even if the cost exceeds the value of the dinner
- Auction items purchased at fundraising events
- Membership fees
- Payments where the person has an understanding with the recipient that the payments will be used to provide a benefit for the 'donor'

How to become endorsed as a DGR?

To be entitled to endorsement, the organisation must:

- Have an ABN
- Maintain a gift fund
- Be in Australia; and
- Fall within the general DGR category as specified in income tax law

For further information refer to ATO Fact Sheet GiftPack – NAT 3132 at www.ato.gov.au

Self Review

Endorsed DGR's need to regularly review whether they are entitled to endorsement. A DGR must tell the ATO if it ceases to be entitled to endorsement.

Associations Incorporation Act (WA) 1987 - Specific Obligations

Listed below are a number of specific requirements outlined in the *Associations Incorporation Act*, the relevant section of the Act and the penalties, if any, applicable in the event of non-compliance.

Disclosure of Interest

Members of the committee of an incorporated association who have any direct or indirect pecuniary interest in a contract, or proposed contract, made by, or in contemplation of the committee. The extent and nature of their interest must be disclosed (s21). Penalty: \$500.

Members of the committee of an incorporated association who have any direct or indirect pecuniary interest in a contract, or proposed contract, made by, or in contemplation of the committee, shall not take part in any deliberations or decision of the committee with respect to that contract (s22). Penalty: \$100.

Annual General Meeting

An Annual General Meeting (AGM) must be held at least once in each calendar year and within four months of the end of the entity's financial year (s23).

Proper Accounting Records

An incorporated association must ensure that proper accounting records are kept which correctly record and explain the transactions of the association and its financial positions. This must be done in such a manner as will enable true and fair accounts of the association to be conveniently and properly audited (s25).

Rules and Objects Change

Within one month of the passing of a special resolution altering the rules of the association, the association shall lodge Form 5 with the Department of Commerce (s17).

Additional Requirements

Failing to produce records, relating to the affairs of the association, when requested by the Department of Consumer Protection and Employment (s39(3) & (5)(a)).



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Produce a record to the Department of Commerce that is knowingly false or misleading (s39(3) & (5)(b)).

Association or other person shall not refuse or neglect to provide an audited statement of the financial position of the Club to the Department of Commerce when requested (s39(4) & (7)).

Final Note

The Department of Commerce in its desire to protect the integrity of charitable activities and to ensure that public confidence in supporting our charities is maintained, has considerable powers in ensuring that their regulations are complied with.

As you can well appreciate, the public support for Surf Life Saving is essential to our existence, and the SLSWA authority to fundraise is critical to ensuring the continuation of this support. Non-compliance of just one entity in Western Australia affects the ability of all entities to fundraise.

Voluntary Code of Practice for Fundraising

The Voluntary Code of Practice for Fundraising provides a recommended set of principles and guidelines for public fundraising in Western Australia. It is intended to apply to charitable and not-for-profit organisations, individuals, one off fundraising events and activities, as well as their organisers. The Code also provides advice and guidelines for organisations when dealing with commercial fundraising contractors.

All organisations and individuals covered by this code are required to produce accurate information relating to public fundraising to ensure accountability to donors. Records must be kept in such a manner as will ensure that funds raised from the public are properly accounted for and the results of fundraising activities are verifiable. This requires that certain accounting procedures and standards be adopted.

A recognised accounting method is to be used and Australian Accounting Standards must be complied with in the preparation of accounts.

Taxation Requirements and Concessions

The following taxation registrations are recommended for all Surf Life Saving entities:

- ABN: while an ABN is not a legal requirement, it is essential
- GST: a non-profit organisation is not required to be registered for GST unless the annual turnover (taxable supplies) of the organisation is \$150,000 or more. Notwithstanding this, it may be beneficial for your entity to register, to take advantage of the ability to claim GST paid for
 - purchases and expenses
- PAYG withholding: this is required if you employ staff
- Endorsement for the following concessions:
 - ITEC: Income Tax Exemption
 - GST Charity Concessions
 - DGR: Deductible Gift Recipient
 - FBT: Fringe Benefits Tax for Non Profit Organisations

Note: Receiving an endorsement from the Australian Taxation Office for the above concessions is important in gaining the most beneficial tax exemptions for your Club.

It is important that your Club identifies itself as a Public Benevolent Institution (PBI) or Charitable Institution (CI) when applying for the above endorsements as it will affect the tax exemptions available to your Club.



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

The table below illustrates the differences between a PBI and a CI:

Tax Concessions	Public Benevolent Institution (PBI)	Charitable Institution (CI)
Income Tax Exemption (ITEC)	Yes	Yes
Fringe Benefits Tax Exemption (FBT)	Yes	No
FBT Rebate	No	Yes
GST concessions for charities and gift deductible entities	Yes	Yes
GST concessions for non-profit organisations	Yes	Yes
Deductible Gift Recipient	Yes	Yes
Refunds of Franking Credits	Yes	Yes

The ATO website is a useful resource for locating information about requirements and obligations. Contact the Australian Taxation Office for further guidance regarding the status of your Club (PBI or CI).

References

- Australian Taxation Office www.ato.gov.au/nonprofit
- Tax basics for non-profit organisations (NAT 7966)
- GiftPack (NAT 3132)
- Fringe Benefits Tax for Non Profit Organisations (NAT 14947)
- Tax Concession Charity or Income Tax Exempt Fund (NAT 2948) - this is the endorsement form for income tax exemption, GST charity concessions, FBT rebates and FBT exemption
- Department of Commerce www.commerce.wa.gov.au
- Department of Commerce Voluntary Code of Practice for Fundraising



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

5.3 GOODS AND SERVICES TAX (GST)

Overview

Goods and Services Tax (GST) is a broad-based tax of 10% on most goods, services and other items sold or consumed in Australia.

A non-profit organisation must register for GST if its annual turnover is \$150,000 or more (from 1 July 2007). If its turnover is less, it can register if it chooses. SLSWA highly recommends that clubs register for GST.

If the organisation is registered for GST, or required to be registered, it must include GST in the price of most goods and services it sells or provides (called 'taxable sales'). This means that 1/11th of the total sale must be remitted to the ATO.

A registered organisation can also claim GST credits for the GST included in the price of certain things it purchases.

There are some goods and services that do not have GST included in the sale price. These are either GST-free or input taxed sales.

Some items are expressly legislated as exempt expenditure. Examples include:

- Interest on loans;
- Certain bank charges;
- Salaries and wages;
- Rates.

Some Special Issues

The following GST issues have been identified which may relate specifically to Surf Life Saving Clubs.

Items Subject to GST:

Grants

Government grants are normally made conditional, with the recipient required to use the funds in a particular event, activity or program, and being required to provide a subsequent report to confirm this. As such, grants are normally subject to GST. At the time of introduction of GST, the Government acknowledged that most of their grants would attract GST and so grossed them up by 10% to ensure that GST registered charities were not disadvantaged.

Sponsorship

Amounts received as sponsorship are usually received in return for some form of advertising, and hence are normally subject to GST. Where sponsorships are made in the form of goods or services, then the market value of those goods or services is used to calculate the GST.

Carnival Entry Fees

Sale of food, drink and club clothing

Fees charged for equipment/services

Annual Dinner Tickets

If the dinner is designated as a charity dinner, it may be GST exempt. See Fundraising Events below.



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

GST Free Items:

Raffles and other fundraising activities

Even though a raffle results in a prize of either cash or goods (or both), it is a game of chance and so there is no material benefit conferred on the donor. The ATO has ruled that raffles held by charitable organisations are exempt from GST.

Donations and Gifts

Donations and gifts can be in cash or in the form of goods and/or services. If no conditions are attached, donations are GST free.

Non-Commercial Activities

“Non-commercial” in this context means that the transaction or activity was not profitable.

The transaction is GST free if the amount charged is:

- less than 50% of the GST-inclusive market value; or
- less than 75% of the amount the Charitable Institution paid for the goods (note that if the supply is accommodation, there are slightly different rules)

This exemption is used by SLSNSW under the “75% rule” for the trade-in of motor vehicles. However, it is clear that we can use this for other transactions too. Surf Life Saving generally considers membership fees to be GST free under this rule as discussed below.

If you require any further clarification, you should contact either your auditor, or the Australian Taxation Office.

Membership Fees

A ruling by the Australian Taxation Office to SLSQLD has stated that if one of the below tests are satisfied, then the membership fees are GST-free.

The transaction is GST free if the amount charged is:

- less than 50% of the GST-inclusive market value; or
- less than 75% of the amount the charitable institution paid for the goods (note that if the supply is accommodation, there are slightly different rules)

The value of membership can include:

- Full Workers Compensation Cover
- Access to club facilities (i.e. showers)
- Training fees (if used)
- Public Liability Insurance

Lifesaving Training and Education

The GST Act states that the supply of a first aid or lifesaving course is GST free. Note that this includes training people in first aid, resuscitation or other similar lifesaving skills including ‘personal aquatic survival skills’, but does NOT include ‘swimming lessons’.

Note that the sale of manuals and lifesaving products (eg manikins) is not a training course, and therefore attracts GST. Note also that if income is received from a licensed trainer as license fees (akin to a royalty or commission), then Surf Life Saving is not providing the trainer with a course, and so the supply attracts GST.

However an ‘education course’ and administrative services provided by the supplier of the education course and directly related to the supply of such a course are GST free.



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Fundraising Events

If a charitable organisation conducts a fundraising event which would otherwise attract GST (eg a charity dinner where an attendee purchases a ticket for which he/she receives a dinner, even though part of the ticket price goes to charity), an organisation can elect to treat the event as input-taxed.

This means that GST does not have to be deducted from the income. However, GST credits from purchases cannot be claimed back. There are conditions which must be met for the event to be input-taxed. Practically speaking, the choice of whether to elect an event to be input-taxed depends on whether the event is expected to make a profit or a loss (because of the forfeiting of GST credits).

If an event makes a profit, and is input-taxed, then no GST is remitted on the gross proceeds, but no GST can be claimed back on the expenses, i.e. the value of expenses when determining the profit will be the GST inclusive cost. (The net advantage of using this method will be 1/11 of the profit).

If an event is to be run at a loss, then there is no gain from having it input-taxed, since the benefit of being able to claim back the GST credits on the total expenses outweighs the benefit of not having to remit GST on the proceeds.

Further information can be obtained from the Australian Taxation Office.

References

- Australian Taxation Office www.ato.gov.au
- Tax basics for non-profit organisations (NAT 7966)
- Fundraising (NAT 13095)



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

5.4 FINANCIAL AND INTERNAL CONTROLS

Internal Controls

Internal controls are an integral part of an organisations policies and procedures designed to help accomplish financial goals and objectives.

Internal controls incorporate five key components:

- Control Environment
- Information and Communication
- Risk Assessment
- Monitoring; and
- Control Activities

Control Environment

Management philosophy and operating style is essential in setting the “tone at the top” and the foundation for effective internal controls in the Surf Life Saving Clubs. The elected Committee should be actively involved in the control environment design including:

- commitment to competence
- communication and enforcement of integrity and ethical values; and
- assignment of authority and responsibility

By implementing these it will ensure that all Club members (not just the Committee members) are aware of the importance of internal control and develop a positive attitude in maintaining a high standard of compliance with these controls.

Information and Communication

Club Committee’s must be able to obtain reliable information to determine their risks and communicate policies and other information to those who need it. Committee’s must ensure that they effectively communicate and provide quality information to all Committee members to ensure there is consistent application of internal controls. The communication should also be provided to key personnel within the Club such as volunteers, bar staff, shop staff and administration employees.

Risk Assessment

The risk assessment process includes a Club’s process for identifying and responding to organisation risks, how the Committee’s identify risk and what actions are taken in the occurrence of such risks occurring. The identification of risks allows each Surf Life Saving Club to develop an appropriate internal control environment.

Monitoring

Committees of the Club’s need to continuously monitor (it is suggested on a yearly basis) the effectiveness of the design and operation of internal controls that the Club has in place and take any necessary corrective action to modify for the controls for changes in conditions. By monitoring the internal controls in place on a yearly basis, it further reinforces compliance with controls.

Control Activities

Control activities are the specific policies and procedures to ensure that the Committee instructions are carried out. Examples of the control activities are discussed in later in this section.



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Internal Control Objectives

The main objectives of internal control include the following:

Reliability / Validity

To ensure that all financial transactions that are incurred by the Surf Life Saving Club's are recorded and that they are supported by appropriate documentation. This will ensure that the accounting records report the true financial position of the Club in a clear and concise manner. By implementing controls around the reliability, it will ensure that the financial results can be relied upon with confidence and provides a basis for informed financial decision making from Committee's of the Clubs.

Timeliness

To ensure that all transactions are recorded as close to the time of occurrence as practical so that the financial report reflects the actual financial situation at any point in time. This objective will allow Committee's to make more informed financial decisions based on current and relevant financial information.

Authorisation

To ensure that all transactions are being properly authorised by an appropriate person acting within their designated authority level. These authority levels should be set by the Committee's of the Clubs.

Completeness

To provide assurance that all transactions have been included in the financial information and that it accurately reflects the financial position. That nothing is omitted either purposely or by mistake and that the financial information represents the whole picture of the Clubs financial position at any point in time.

Security

To provide assurance of the safe keeping of assets and financial records. These objectives will ensure that all physical assets (particularly cash) are secure and all the financial records are maintained and easily accessible.

Physical Existence

To ensure that all assets are recorded accurately and maintained regularly on the Club's asset register. Clubs should be reviewing their asset registers on an annual basis at a minimum.

Types of Internal Controls

There are many different types of internal controls that provide assurance as to the security and proper functioning of the accounting system. The major controls relevant to the Clubs can be broadly classified under the following headings:

Segregation of Duties

The prime method of maintaining this safeguard is to separate those responsibilities or duties which, if combined, would enable an individual to process and record a complete transaction, such as ordering, receiving, approving and paying for goods.

Segregation of duties may appear difficult to implement in the Clubs, especially where there is a limited number of Committee members and volunteers available for the accounting and finance functions. However, it can be implemented, by alternating sequential tasks, so that no one person has complete responsibility for the entire transaction.

Key functions that should be separated within each Surf Life Saving Club include:

- authorisation
- payment
- custody; and
- recording



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

In the very small Clubs, it is recognised that this will be hard to implement, but as a minimum at least some of the functions should be separate to maintain some segregation of duties.

Authorisation and Approval

All transactions should be authorised and approved by a Committee member who is competent and familiar with the type of transactions that occur within the Club. This will prevent irregularities from occurring in the financial information. It will also ensure that Club expenditure is in line with the Committee's budgets and expectations.

Limits to amounts that can be authorised should be set, with the President being given the highest authority.

Physical Controls

These are measures that are taken to safeguard physical assets.

These assets include items such as:

- cash
- inventory (i.e. bar stock and merchandise)
- equipment; and
- vehicles

Examples of a physical control is the storing of cash in a safe each night, limiting access to the Club's buildings and ensuring that the Clubs' inventory is secure at all times with limited access.

Organisation

Administrative policies shall be made within the Club's by the appointed Committee's, and written position descriptions that define and allocate responsibilities should be developed. These should define to the holder of each position their responsibilities and the inter-relationship between job functions. This will prevent inefficient overlapping of functions and the avoidance of responsibility in some circumstances.

When developing administrative policies and organisational charts, care should be taken to ensure that the accounting function is kept separate from other functions so that the accounting records provide a more independent and reliable reflection of the Club.

By implementing organisation charts and written position descriptions, it will allow the more effective hand over of positions as Committees are elected each financial year. Further information, such as suggested position descriptions have been provided in Section 9.

Arithmetical and Accounting Controls

These are the controls within the record keeping function and include:

- Ensuring that all transactions have been properly authorised
- Accurately recording all data and ensuring that no transactions are omitted; and
- Reconciling the accounting records with independently provided information, such as the bank statements and supplier statements

Supervision

This includes supervision of the accounting function. An example is an internal checking system such as a person receiving goods may check that they were properly authorised when the goods were originally ordered, and that the transaction was accurately recorded. Overall supervision rests with the elected Committee's as they should be reviewing the financial information presented at each of the Committee meetings.



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Internal Control Sub-systems

Internal controls can be broken down further into sub-systems. These sub-systems ensure that all aspects of the financial process are operated consistently in a secure environment and each has specific implications for internal control.

For a Club, the following individual sub-systems have been identified as requiring specific internal control processes and Clubs should use this information for control and planning purposes. Each of these processes is an individual sub-system of the main accounting function.

Computer Systems

To ensure data integrity, passwords are necessary to access the Club's accounting software. It is essential that staff / Club members are aware of the importance of maintaining a secure password and of the level of access their password allows. Passwords should not be disclosed to another person, as security of the system may be breached and data integrity jeopardised. Staff and members of the Club should be aware that access to the computer system by a password or log-on indicates that the person logging on is responsible for the data entered and that approval has been given for that staff or Club member to perform the functions available to them at the particular access level. It is recommended that passwords are changed regularly and data is backed up daily and a copy is stored off the Club premises each week.

Bank Accounts

All bank accounts held must be in the name of the relevant Surf Life Saving Club. Clubs are able to access electronic banking through most banks and this should be maximised where possible.

Bank signatories are usually defined in the Club Constitution and "every bank account of a charitable organisation is to be operated by authority signed by 2 officers of the organisation appointed in writing for the purpose by the governing body of the organisation (s11(4) Charitable Collection Regulations 1947). Therefore it is recommended that as a minimum, there is at least two signatories for all bank accounts (for larger Clubs with larger expenditure, this will increase) including two members of the Executive Committee.

All major banks offer a facility where payments can't be made unless they are authorised by 2 signatories and this can be done at separate locations and at separate times. Banks also offer the option of allowing a Club member to upload accounts and then have them signed off by 2 signatories. If utilising this option, Clubs need to ensure the transactions can be tracked by their accounting software.

It is recommended that limits for approvals should be implemented so that there are effective controls in place to limit the expenditure. The limits set in place shall be determined by the Club based on their size.

Bank Accounts are to be maintained on the accounting software and monthly financial reports should be provided to the Committees. It is not recommended that bank accounts become overdrawn.

Detailed records of payments and receipts must be maintained for each bank account. The nature of these records depends on the type of accounting system maintained (computerised or manual), and may take the form of a manual cash book, or a computerised transaction record. Either way, it is imperative that:

- Sufficient details are maintained of the transaction (date, amount, payee or payer, type of transaction, GST if applicable, source reference, General Account)
- The records are updated promptly (to ensure that inconsistencies or missing information is addressed immediately)
- Bank reconciliations on all accounts are carried out monthly
- Where more than one operating account exists, controls are exerted equally over all accounts

In addition to an entity's normal operating account, the Charitable Collection Regulations (s11) requires licence holders to maintain a fundraising account, for the purpose of depositing gross proceeds raised from fundraising appeals.



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Clubs should also utilise high interest bearing accounts. As the cash flow of Clubs is seasonal, there are often periods where large amounts of funds are held for an extended period of time. With electronic banking, it is now easy to hold these funds in an account that yields high interest and transferred to the everyday (operational) account when needed.

Voluntary Code of Practice for Fundraising is a useful resource in highlighting particular requirements and providing suggested procedures for internal control and compliance.

Banking

All cash and cheques must be banked intact and where possible daily, to avoid monies being left on Club premises throughout the night. Small Clubs with small amounts of money may opt to bank once a week. Money kept on the premises overnight must be secured in a locked safe.

A banking checklist that may be applied in order to improve the internal controls surrounding cash could include:

- All cash and cheques collected are banked intact daily (weekly may be more appropriate for the smaller clubs) by a person other than the one who is initially collecting the cash
- Bank deposit slips can be prepared in duplicate to provide an additional check on the accuracy and completeness of the deposit
- Depositor signs the bank slip to ensure accountability for deposits made
- Cash must be stored in a safe with controlled and limited access
- Dishonored cheques must be followed up as soon as possible

Petty Cash

The purpose of petty cash is to have a small amount of cash on hand to pay for minor expenses up to an agreed limit on any one item. It is recommended that clubs hold a petty cash limit of \$200 and the petty cash limit is maintained.

Best practice management of petty cash requires some form of record keeping or monitoring to ensure that money in and money out is accounted for. All petty cash payments should be supported by a voucher written in ink, and approved by an authorised person.

Petty cash should be reconciled regularly, and replenished as required, or banked if the amount is too high. It is normal to maintain a petty cash journal, to record details of each transaction, or to use petty cash docket, both appropriately supported by receipts (which are required to claim GST paid).

Tips for good Petty Cash practice:

- When money is removed from petty cash a docket should be filled out detailing who took the money and why
- The receipt should be returned (along with any change) and stapled to the petty cash docket
- When money is added to the tin (eg drink sales for the day), a docket should be filled out detailing the source of the money and the amount (eg "\$247.50 drinks sales")
- When financial statements are prepared, a summary of the petty cash transactions needs to be prepared so the income and expenses can be incorporated into the financial statements

Petty cash funds should not be used inappropriately as a means of circumventing normal control procedures. It is inappropriate for petty cash to be used in any of the following circumstances:

- To make payments to staff/members for personal items or services
- For cashing personal cheques
- To advance loans to staff / members
- To make cash advances for travel



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Receipting and Register of Receipt Books

There are seven principle ways in which the Surf Life Saving Club's collect money. These are considered to be:

- Donations
- Memberships Fees (Subscriptions)
- Sponsorship
- Grant Income
- Bar and Shop (Canteen) / Merchandise Income
- Fundraising Income
- Venue Hire

A policy for the collection of monies should be in place and available for all Committee members and volunteers of the Club. Recording of income and controls over receipts and receipting are important aspects of accounting by charities, and are often a focus of auditors in their review of systems and internal control.

Each of the major receipting methods requires accurate control processes to ensure that revenue is recognised accurately and on a timely basis.

"It is important that the governing body of a charitable entity maintains an effective internal control structure over their activities. The governing body has responsibility for ensuring that all voluntary and other revenues to which the charitable entity gains are accounted for properly. This involves establishing controls to ensure that voluntary revenue is recorded correctly in the financial records of the charity, and that the revenue recognised in the financial report is in accordance with Accounting Standards and the entity's accounting policies adopted for revenue recognition."

(ICAA – AGS 1054 Auditing Revenue of Charitable Entities).

Cash is received regularly in several income streams (such as bar and canteen). Good physical safeguards, including a locked and controlled access safe and secure cash drawer, are necessary to prevent any loss of cash from the Club premises. Clubs should also consider insuring their cash and other assets to prevent any significant losses occurring from theft.

Receipts should be entered into the accounting software when received and when the original receipt is issued. In certain circumstances where this is not possible, a manual receipt can be issued. The receipt book should be reconciled to the accounting system transactions when they have been entered to ensure all amounts received by the Club have been banked.



**Saving Lives &
Building Great
Communities**

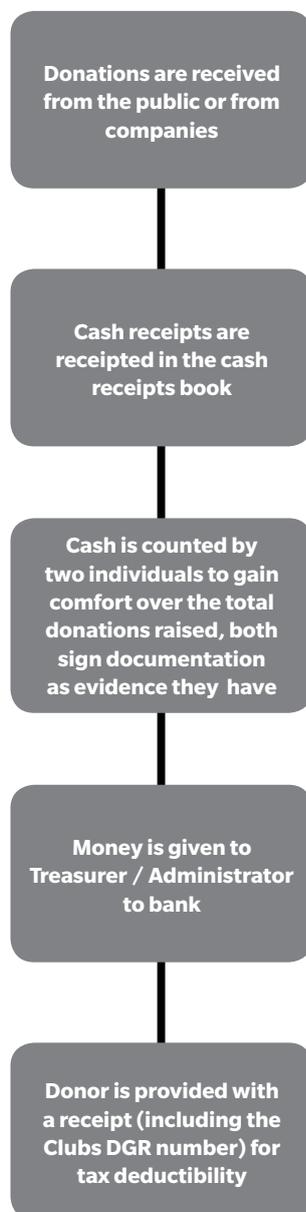


SECTION 05

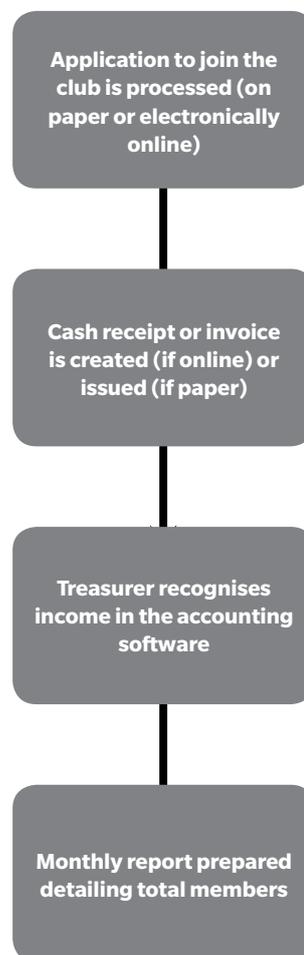
FINANCIAL MANAGEMENT

The following flowcharts are only a guide (as the controls should be varied to suit your Club) that can be used to provide the basis for controlling processes within your Club.

Donations



Membership Fees (Subscriptions)





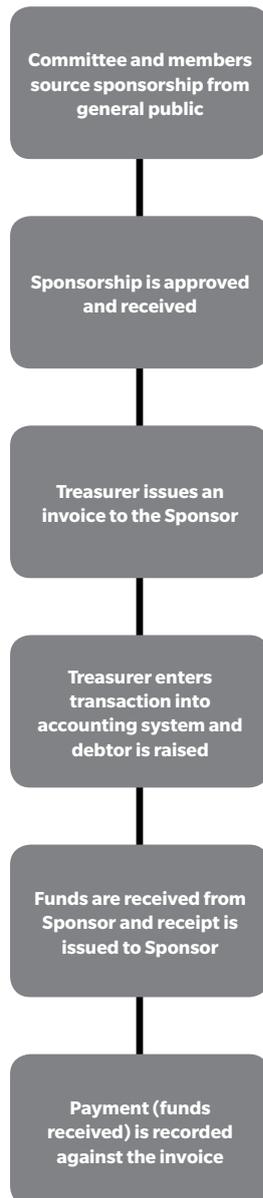
Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Sponsorship



Grant Income





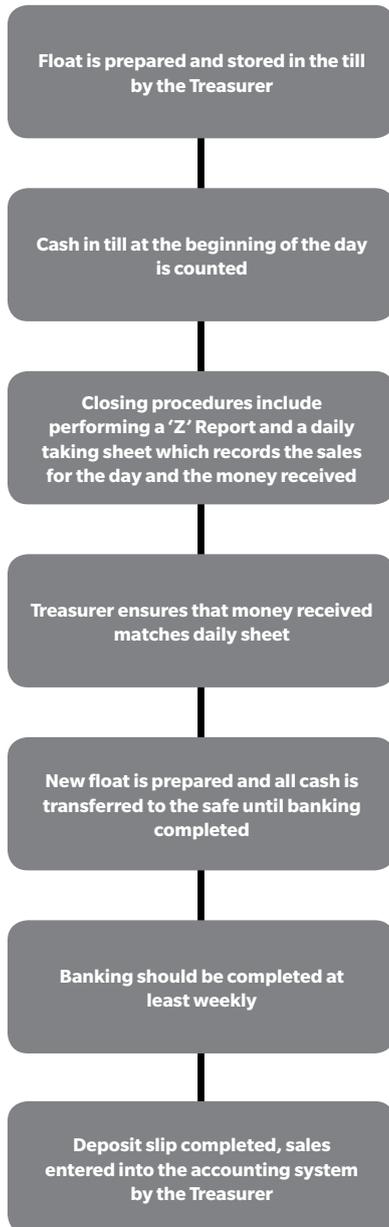
Saving Lives &
Building Great
Communities



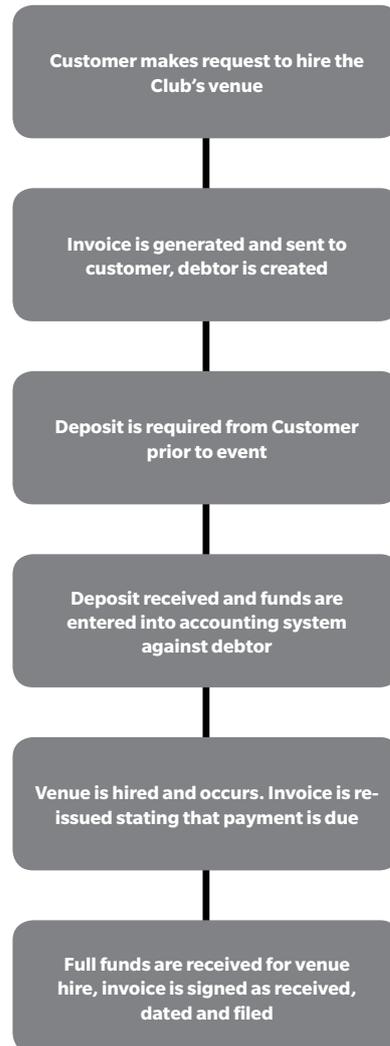
SECTION 05

FINANCIAL MANAGEMENT

**Bar and Shop (Canteen) /
Merchandise Income**



Venue Hire





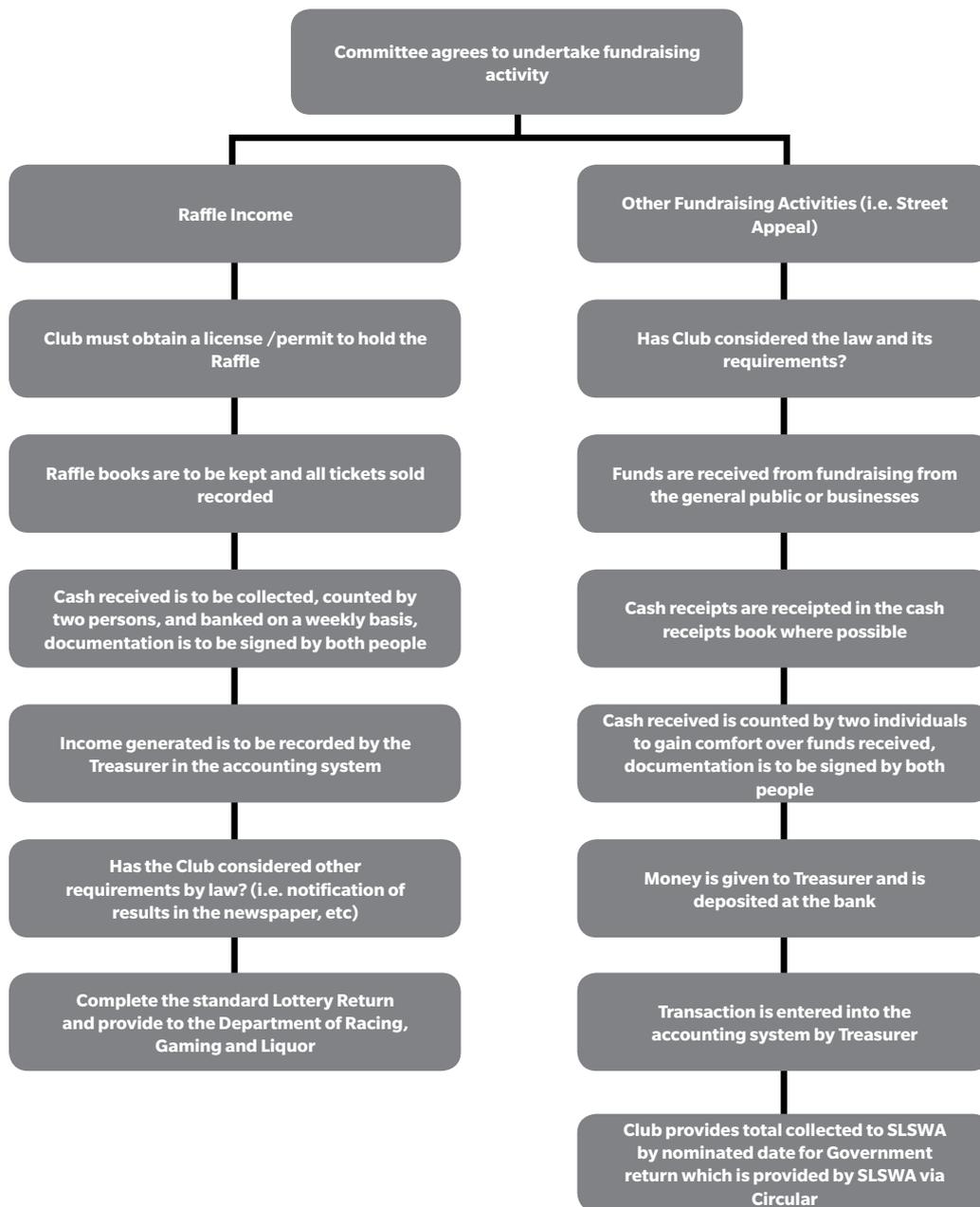
Saving Lives & Building Great Communities



SECTION 05

FINANCIAL MANAGEMENT

Fundraising Income (Raffle Lottery)





Saving Lives & Building Great Communities



SECTION 05

FINANCIAL MANAGEMENT

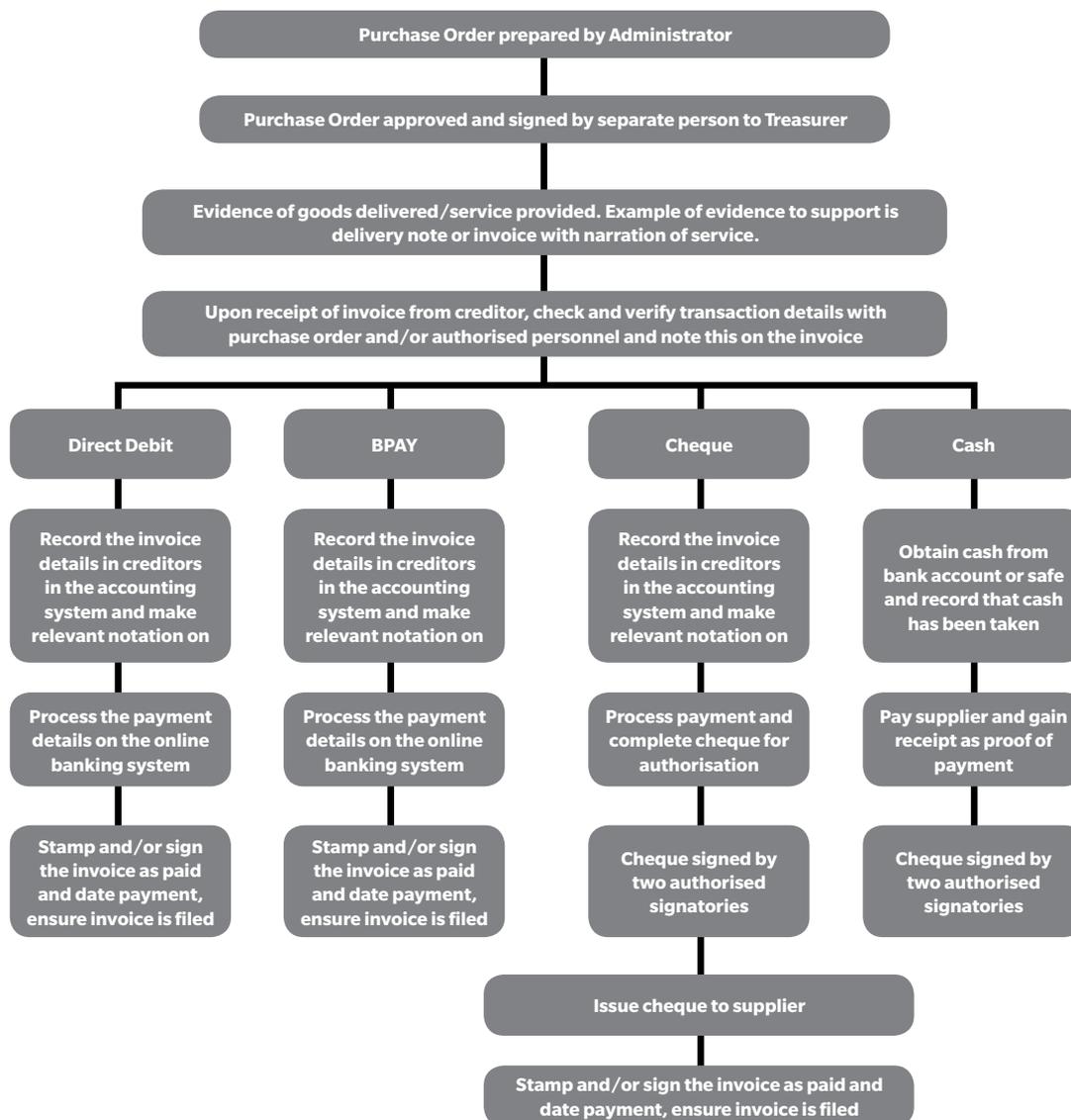
Purchasing and Payments

Surf Life Saving Clubs have a variety of means to make payments to suppliers, creditors and the issuing of refunds. The payments are generally made through direct debit, Billpay (BPAY), cheque and cash.

It is recommended that Club's try to limit the use of cash as a form of payment to suppliers. Regardless of the method of payment, a documentation trail must exist, beginning with the creation of a purchase order. The approval and authorisation processes must occur prior to payment

In order to improve internal controls, it is important to ensure that the functions of authorising and recording purchases are separated at the Clubs. The person who performs the purchasing function will ideally be independent of that person who carries out invoice processing and payment, and receipt of the goods or services.

Purchasing and Payment Process





Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

A payments checklist that may be applied in order to improve internal controls could include:

- Numerical purchase orders are to be completed for each item ordered
- Orders are checked to make sure they fall within the established expenditure budget
- Duplicate of each purchase order is retained
- All orders are approved by a relevant and competent person
- Limits on authorisation are set in place, with the President having ultimate authority
- The person who checks the invoice for correctness will sign to accept responsibility

Debtors and Creditors

An integral part of financial management, particularly cash flow, is the careful review and analysis of amounts which are owed by other organisations to your Club (debtors), and amounts which you owe others (creditors).

The accurate recording and management of debtors and creditors is important because you need to be able to determine and promptly follow up amounts that are owed to you, and to provide details when requested. It is recommended that Club's actively chase up debtors on a timely basis to ensure recoverability.

It is a statutory obligation of the governing body to ensure that, at all times, your entity can pay its debts as and when they fall due. While management of debtors will ensure the maximum amount of funds are available, management of creditors will also provide information about the amounts owed and when they are due for payment.

Efficient management of the timing of receipts and payments can have a positive impact on your organisation's results. Conversely, if outstanding accounts are not followed up promptly, they represent funds which are not available for your use in carrying out your activities. If you use accrual accounting, you may be required to forward GST to the ATO before you have been paid by your debtor.

An Aged Trial Balance for both debtors and creditors is the most useful means of reviewing and analysing receivables and payables. These should be printed and tabled monthly.

Assets

Many Clubs hold substantial physical assets such as inventory, motor vehicles and equipment throughout the financial year. Valuable and attractive items often represent a major investment of the Club's financial resources, so asset management is an important part of internal control.

The term 'fixed assets' is used to describe those assets which an organisation owns, which have a useful life greater than one year, and which therefore must be carried forward in the balance sheet to be depreciated in subsequent years.

The Committee should determine a policy in regards to the monetary value of an asset. It is recommended that assets with a value greater than \$1,000 per individual item should be entered onto the Clubs asset register. It is important to note that only assets owned by the Club can be treated as kept on the Clubs asset register.

A fixed asset register is required to:

- Maintain control over and safeguard assets
- Record information for the purpose of calculating depreciation
- Comply with the Charitable Collection Act 1946

An asset listing may also be used by Clubs to record items with a value of less than \$1,000 for tracking purposes and for where those items are considered to be attractive (items such as televisions, DVD players, cameras, computer accessories, etc). The value of these items does not appear on the Club's balance sheet.



Saving Lives & Building Great Communities



SECTION 05

FINANCIAL MANAGEMENT

It is important to note that significant assets such as buildings and premises should only be recognised on the asset register if the Club maintains full ownership rights to the assets. Leased assets (i.e. leased council buildings) are not considered to be assets to the Club, unless the ownership of the asset will transfer to the club at the end of the lease life.

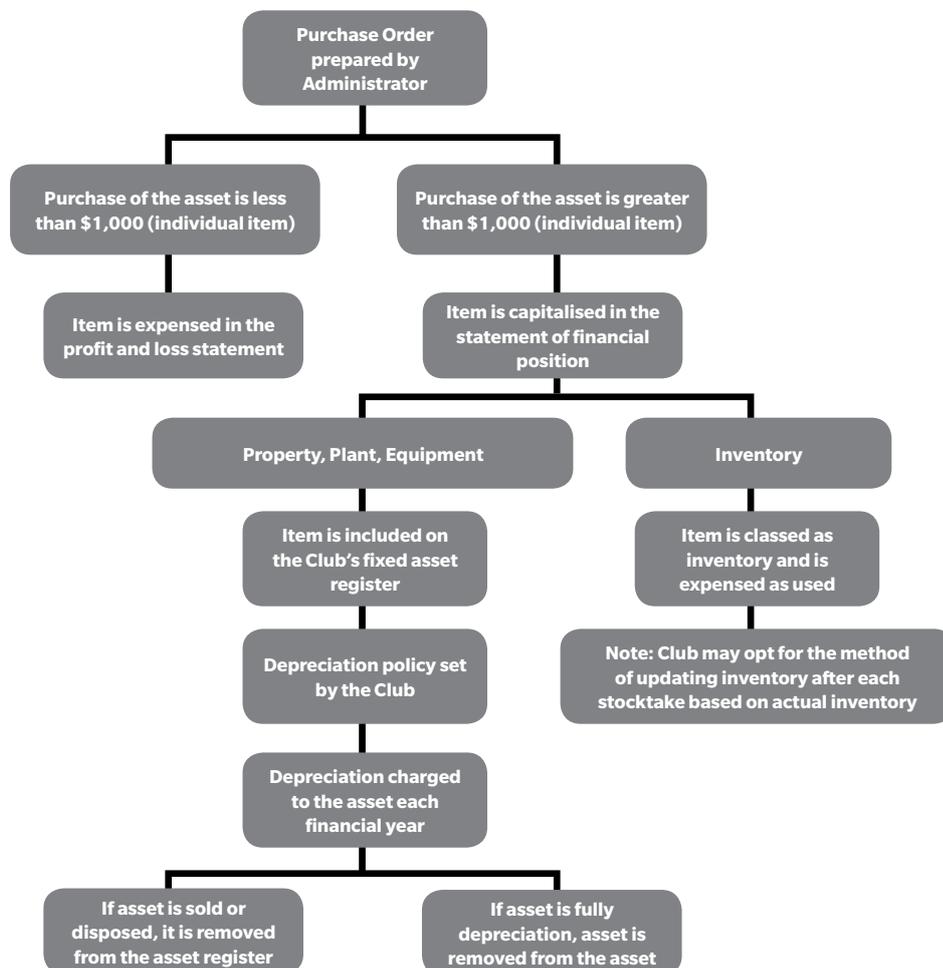
Any assets that are donated to the Club should also be recognised on the asset register with the corresponding entry appearing in the Club's income as 'Donations'.

Depreciation is the means by which an entity gradually writes off the original cost of an asset over its useful life, thereby applying it as an expense across many years of income. All assets that are maintained on the asset register must be depreciated in accordance with the Clubs depreciation policies.

Clubs should review the financial information to ensure that depreciation is being charged on all assets at least on an annual basis. Common depreciation policies that Club may use for assets are:

- Buildings 20 years straight line method
- Vehicles 5 – 7 years straight line method
- Equipment 2 – 4 years straight line method

Asset Purchase Process





Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Stocktaking

Where inventory assets are held within a Club, a stock take is to be conducted at least once per annum as a minimum. This stock take will provide the most accurate check on the existence of current assets and the controls which surround them. This stock take does have the option of being performed in stages throughout the year as to ensure minimum disruptions to the Club activities.

Best practice would ensure that the President would appoint a stocktaking officer who is not involved in the handling or custody of the inventory, to conduct and supervise the stock take. Any final adjustments arising from the stock take would be approved by the Committee.

References

- Charitable Collection Advisory Committee
- Voluntary Code of Practice for Fundraising www.commerce.wa.gov.au



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

5.5 FINANCIAL PLANNING

Financial Planning is the process whereby an entity develops a plan for the allocation and management of finances, capital and investment to meet strategic and business plans. Financial plans provide clubs with an understanding of the ability to deliver activities within budgeting constraints, in addition to forecasting and planning for future requirements.

Strategic Planning is the process of developing, documenting and providing the framework for the implementation of an organisation's long-term priorities, missions and objectives. While the Strategic Plan outlines the long term objectives of an organisation, the Business Plan describes, in detail, courses of action to carry out those objectives.

The following is a flow chart which summarises the various stages in the financial management process, together with examples of tools which can be used:



Monthly Reporting of Results

- Ratification of payments – required
- Financial activities – eg. movement in bank accounts (opening and closing balances, summary of receipts and payments) (What's happening?)
- Financial Statements – for those entities that operate full accounting systems 'in-house'; profit & loss statement which shows monthly and year-to-date results
- Comparison to budget – what should be happening?
- Cash flow management – eg. capital expenditure and receivables and payables management (Can we afford it?)
- Balance Sheet movements - is anything else happening that needs attention?

Looking Forward

- To the end of this year – forecast the result
- Past this year – can the business plan be achieved?

Financial Viability

- Is there a long term plan for the safeguard of financial viability or to fund expansion?



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Compliance Issues

- Are we doing everything right?
- Are there any opportunities we can take advantage of?
- Are there any risks we are exposed to?

Are we achieving our objectives?

- Events
- Programs
- Membership
- Community
- Safety
- Equipment

Budgeting

Budgeting is the process of applying financial estimates to the activities of the organisation as contained in the Business Plan. By quantifying income and expenditure over a given period, you will be able to determine in advance whether you will have enough money to do the things you would like to do.

The budgeting process is integral to the financial performance of each of the Surf Life Saving Clubs and it is expected that the Club's will be preparing budgets on an annual basis.

A comprehensive and properly developed budget will perform the following key roles:

- Measures whether financial objectives are being met in all areas of the Clubs activities.
- Aids in decision-making and future planning.
- Ensures that the Clubs resources are being utilised to their maximum efficiency and effectiveness.
- Identifies shortfalls in income and controls expenditure.
- Provides a mechanism for the Club to measure its performance against the Business Plan.
- Allows actual results to be continuously monitored against the budget.
- Highlight issues and unexpected deviations when they occur, so that prompt action can be taken if required.

The Budget Process





Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Some tips for budgeting

- Involve all people whose responsibility it will be to carry out the budgeted activities and/or report on the results as compared to the budget
- Define and evaluate all fixed and variable costs
- Estimate your income
- Allow time for its preparation. There will generally be several versions prior to the final version

Committees should approve the budget within a month after the end of its financial year. Once the budget has been set, it should be given to all Committee members and relevant Club members to ensure that expenditure levels are known for each program. Once the budget is distributed, constantly refer to it to ensure all expenditure is budgeted for and to monitor and control your costs throughout the period.

In certain circumstances, the budget may need to be amended throughout the year if proposed expenditure is outside of the original budgeted figures. In order for the budget to reflect the actual situation, it is recommended that any changes are approved at Committee meetings and that it does not negatively impact the overall projected result.

Also consider carrying out a half-early review of the budget to update projections for the second half of the financial year. This is particularly relevant if there have been material variances, both favourable and unfavourable.

Cash Forecasting

Usually the budget will have been prepared on a cash flow basis.

The overall objective of cash flow monitoring is to anticipate the months in which cash flow problems are likely to occur and to plan for these accordingly. On the other hand, the existence of cash surpluses creates an opportunity for the organisation to generate additional income by investing for nominated periods of time.



Saving Lives & Building Great Communities



SECTION 05

FINANCIAL MANAGEMENT

Example Cash Flow Report:

SIMPLE SURF LIFE SAVING CLUB														
Cashflow														
Description	Pre Start Up													
	Balance	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	TOTAL
Cash on Hand (Beginning of Month)	\$21,050	\$21,050	\$21,950	\$22,564	\$22,200	\$20,434	\$21,378	\$27,422	\$28,366	\$29,601	\$32,587	\$26,953	\$26,953	\$322,604
Cash Receipts														
Donations	\$0	\$750	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,250			\$10,000
Grants							\$6,000				\$9,500			\$15,500
Fundraising										\$3,030	\$470			\$3,500
Sponsorship									\$1,200		\$300			\$1,500
Other		\$150	\$150	\$240	\$1,000	\$1,000		\$2,000	\$1,000		\$2,605			\$8,205
TOTAL CASH RECEIPTS	\$0	\$900	\$1,150	\$1,240	\$2,000	\$2,000	\$7,000	\$3,000	\$3,200	\$4,030	\$14,185	\$0	\$0	\$38,705
Total Cash Available (Before Cash Out)	\$21,050	\$21,950	\$23,100	\$23,804	\$24,200	\$22,434	\$28,378	\$30,422	\$31,566	\$33,631	\$46,772	\$26,953	\$26,953	\$361,214
Cash Paid Out														
Activation / Carnival Fees									\$343		\$150			\$493
Capitation Fees											\$1,800			\$1,800
Purchases - Equipment				\$600		\$800		\$800	\$65		\$6,147			\$8,612
Fundraising Events											\$3,775			\$3,775
Purchases - Other														\$0
First Aid Supplies					\$210						\$690			\$900
Repairs & Maintenance				\$168	\$3,000			\$1,000	\$1,000		\$832			\$6,000
Postage					\$20	\$20	\$20	\$20	\$20	\$50	\$50			\$200
Travel											\$1,330			\$1,330
Utilities			\$400				\$400			\$450	\$150			\$1,400
Insurance											\$1,700			\$1,700
Taxes														\$0
Trophies											\$800			\$800
Uniforms											\$1,590			\$1,590
Other		\$530	\$536	\$536	\$536	\$536	\$536	\$536	\$536	\$544	\$845			\$5,141
Other (Specify)														\$0
SUBTOTAL	\$0	\$0	\$636	\$1,604	\$3,766	\$1,366	\$656	\$2,356	\$1,965	\$1,044	\$19,819	\$0	\$0	\$33,702
Loan Repayments														\$0
Capital Purchase (Specify)														\$0
Reduction in debtors														(\$300)
Other (Specify)														\$0
TOTAL Cash Paid Out	\$0	\$0	\$636	\$1,604	\$3,766	\$1,056	\$656	\$2,056	\$1,965	\$1,044	\$19,819	\$0	\$0	\$32,802
Cash Position (End of Month)	\$21,050	\$21,950	\$22,564	\$22,200	\$20,434	\$21,378	\$27,422	\$28,366	\$29,601	\$32,587	\$26,953	\$26,953	\$26,953	\$320,412

Financing and Investing Activities

From time to time the Director of Finance/Treasurer may be called on to provide advice or make recommendations to the Management/ Executive Committee about financing the purchase of a major asset (eg new clubhouse facility) or how to invest surplus funds.

Because financial institutions offer such a wide range of loan and investment products and services, the Management/ Executive committee should seek independent financial advice about such matters before making firm recommendations about how the entity should proceed.

Decisions about financing major asset purchases or investing large amounts of money do not occur very often, but have significant long term implications for the financial performance of clubs.

Reference

- Department of Commerce www.docep.wa.gov.au



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

5.6 MONITORING AND REPORTING PROGRESS

Accounting systems record financial transactions so as to provide information to interested parties on the activities of the organisation.

Reporting Requirements

References in various legislation and regulations require Clubs to maintain proper accounting records⁴

Providing timely and accurate reports to the Management/ Executive Committee on a regular basis is critical to their ability to discharge their responsibility.

The following reports are suggested as a guide for the minimum financial information which should be presented to the Management/ Executive Committee:

- A Profit and Loss Statement showing income and expenditure for the period and for year-to-date
- Budget report showing a comparison between actual results and budgeted results (commonly combined with the Profit and Loss Statement above) and explanations of material variances
- List of debtors with appropriate explanations for amounts which have remained unpaid for over, say, 30 days
- List of payments since the last meeting of the Committee, for ratification
- Report on the movements in the bank accounts
- Copy of the Bank Statement and the Bank Reconciliation Report

Why is this information required?

Directors and officers of the organisation require information:

- To exert financial control over the activities of the entity
- To monitor performance
- To manage cash flows
- To plan for the future

Other interested parties include:

- Government (Australian Tax Office, Department of Fair Trading, Office of Liquor Gaming and Racing, Grantors)
- Sponsors
- The donating public
- Members
- Auditors

End of Financial Year Reporting

After the end of every year, financial statements are required to be prepared in a prescribed format, for presentation to and adoption by its members at the Annual General Meeting. This is a requirement of the Associations Incorporation Act.

The Charitable Collection Advisory Committee also has requirements for preparing financial statements. Details of these requirements are contained in the Voluntary Code of Practice for Fundraising and require all organisations and individuals covered by the Code to produce accurate information relating to public fundraising to ensure accountability to donors.

It is a requirement of the Voluntary Code of Practice for Fundraising that accounting records be kept for a period of at least five years.

⁴. s 25 (a), (b) and (c) of the Associated Incorporations Act 1987



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Report Examples

Example Bank Register:

SIMPLE SURF LIFE SAVING CLUB							
<i>PO Box 96 Happy Bay Happy Bay Parkway Happy Bay NSW 2101</i>							
Bank Register							
1/04/2010 To 30/04/2010							
ID#	Src	Date	Memo/Payee	Deposit	Withdrawal	Balance	
1-2110	Cheque Account						
8861	CD	5/04/2010	Cash -reimbursement		\$210.00	\$92,376.92	
CR015303		5/04/2010	Cash Deposits	\$4,685.00		\$97,061.92	
CR015304	CR	5/04/2010	SLSNSW	\$9,500.00		\$106,561.92	
8862	CD	6/04/2010	SLSA		\$150.00	\$106,411.92	
8863	CD	6/04/2010	SLSNSW		\$1,800.00	\$104,611.92	
8864	CD	6/04/2010	Happy Bay Council		\$25.00	\$104,586.92	
8865	CD	6/04/2010	Vero Insurance		\$1,700.00	\$102,886.92	
8866	CD	6/04/2010	Sunny Beach RSL		\$3,000.00	\$99,886.92	
8867	CD	6/04/2010	Sport & Recreation		\$690.00	\$99,196.92	
8868	CD	13/04/2010	North Coast Boat services		\$832.00	\$98,364.92	
8869	CD	13/04/2010	Energy Australia		\$150.00	\$98,214.92	
8870	CD	13/04/2010	AAA Trophies		\$800.00	\$97,414.92	
8871	CD	18/04/2010	Boaties Club Surfboats		\$26,146.84	\$71,268.08	
8872	CD	25/04/2010	RTA		\$460.00	\$70,808.08	
8873	CD	25/04/2010	SLSA		\$100.00	\$70,708.08	
8874	CD	25/04/2010	Sunny Beach Catering		\$775.00	\$69,933.08	
8875	CD	25/04/2010	Surf Lifesaving Services		\$100.00	\$69,833.08	
8876	CD	25/04/2010	Big Wave Caravan Park		\$1,330.00	\$68,503.08	
8877	CD	25/04/2010	ACME club uniforms		\$1,550.00	\$66,953.08	
Approved _____			Date _____				



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Example Bank Reconciliation:

SIMPLE SURF LIFE SAVING CLUB				
PO Box 96 Happy Bay Happy Bay Parkway Happy Bay NSW 2101				
Bank Reconciliation Report				
ID#	Date	Memo/Payee	Deposit	Withdrawal
Date of Bank Statement: 30/04/2010				
Reconciled Cheques				
8846	8/03/2010	Bunger Surfboards		\$1,017.78
8850	14/03/2010	Dave's Ding Repairs P/L		\$800.24
8851	14/03/2010	Terry Sparks Motor Electrician		\$552.05
8854	15/04/2010	Surf Lifesaving NSW State Champs		\$398.00
8855	20/03/2010	Big Surf Caravan Park		\$770.00
8859	22/03/2010	Jetstar		\$1,174.65
		Total:	\$0.00	\$4,712.72
Reconciled Deposits				
CR015223	27/04/2010	Donation; Happy Bay Gym	\$640.00	
CR015241	27/04/2010	Donation	\$50.00	
CR015233	28/04/2010	Refund	\$6.50	
CR015240	28/04/2010	Fees D.Hoff	\$66.00	
CR015242	30/04/2010	Payment Happy Bay Yoga	\$150.00	
		Total:	\$912.50	\$0.00
Outstanding Cheques				
8460	12/02/2010	Rural Fire Service		\$250.00
8851	5/04/2010	Cash -reimbursement		\$210.00
8852	6/04/2010	SLSA		\$150.00
8853	6/04/2010	SLSNSW		\$1,800.00
8854	6/04/2010	Happy Bay Council		\$25.00
8855	6/04/2010	Vero Insurance		\$1,700.00
8856	6/04/2010	Sunny Beach RSL		\$3,000.00
8857	6/04/2010	Sport & Recreation		\$690.00
8858	13/04/2010	North Coast Boat services		\$832.00
8859	13/04/2010	Energy Australia		\$150.00
8870	13/04/2010	AAA Trophies		\$800.00
8871	18/04/2010	Boaties Club Surfboats		\$26,146.84
8872	25/04/2010	RTA		\$460.00
8873	25/04/2010	SLSA		\$100.00
8874	25/04/2010	Sunny Beach Catering		\$775.00
8875	25/04/2010	Surf Lifesaving Services		\$100.00
8876	25/04/2010	Big Wave Caravan Park		\$1,330.00
8877	25/04/2010	ACME club uniforms		\$1,550.00
		Total:	\$0.00	\$40,068.84
Reconciliation				
			MYOB Balance on 30/04/2010:	\$66,953.08
			Add: Outstanding Cheques:	\$40,068.84
			Subtotal:	\$107,021.92
			Deduct: Outstanding Deposits:	\$0.00
			Expected Balance on Statement:	\$107,021.92



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Example Profit and Loss Statement:

SIMPLE SURF LIFE SAVING CLUB		
<i>PO Box 96 Happy Bay Happy Bay Parkway Happy Bay NSW 2101</i>		
Profit & Loss Statement		
April 2010		
	April	YTD
INCOME		
Other Income		
Donations	1,250	10,000
Funraising	470	3,500
Grants	9,500	15,500
Interest Received	160	1,500
Sponsorship	300	1,500
Subscriptions	500	3,500
Hire of Clubhouse	150	1,200
Caretakers Contribution	750	900
Fuel Tax Credit (on ATVs/Jetskis/IRBs)	105	105
Proceeds on Sale of Assets	1,000	1,000
Total Income	14,185	38,705
EXPENDITURE		
Affiliation & Carnival Fees	150	493
Bank Charges	20	100
Capitation Fees	1,800	1,800
Depreciation	130	12,000
Electricity	150	1,400
Funraising & Presentation Night	3,000	3,000
First Aid	690	900
Filing Fees	25	40
Insurance	1,700	1,700
Postage	50	200
Printing and Stationery	30	250
Registration Fees	460	850
Repairs & Maintenance	832	6,000
SLSA Awards	100	270
Social Event Catering	775	1,110
Training Expenses	100	100
Telephone	30	270
Trophies	800	800
Travelling Expenses	1,330	3,275
Uniforms	1,550	1,550
Website Maintenance	100	1,000
Total Expenses	13,822	37,108
Surplus / (Deficit)	363	1,597



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Example Balance Sheet:

SIMPLE SURF LIFE SAVING CLUB		
<i>PO Box 96 Happy Bay Happy Bay Parkway Happy Bay NSW 2101</i>		
Summary		
April-10		
Balance Sheet	Apr-10	May-09
Assets		
Cash at Bank	\$26,953	\$21,050
Accounts Receivable	\$4,300	\$5,200
Inventory	\$520	\$500
Prepaid Insurance	\$500	\$300
Interest Receivable	\$150	\$100
Investments	\$20,000	\$20,000
Plant & Equipment	\$176,718	\$170,572
Less Accum. Depreciation	(\$62,000)	(\$50,000)
	\$167,141	\$167,722
Liabilities		
Accounts Payable	\$38,000	\$40,428
Caretaker Bond	\$400	\$400
BAS Liability	\$250	\$0
	\$38,650	\$40,828
Members Funds		
Retained Earnings	\$128,491	\$126,894
	\$167,141	\$167,722

References

- Department of Commerce Voluntary Code of Practice for Fundraising www.commerce.wa.gov.au
- Associated Incorporations Act 1987



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

5.7 AUDIT

Do Accounts have to be Audited?

Clubs must be independently audited by September 1 as part of the SLSWA affiliation process.

Reasons for this include:

- Board of Directors/ Management Committee responsibilities
- Directors holding a fiduciary duty
- Directors may fail to satisfy their duties and be liable to the members or a third party
- Governance obligations to take reasonable steps to monitor the management of the club
- The following also needs to be noted:
 - Board/Management Committee must ensure the entity is not trading as insolvent
 - It is the responsibility of the Board/Management Committee to maintain accounting reports, internal controls and policies
 - It is the Board/Management Committee's responsibility to ensure the appropriateness of business plans and strategies

Charitable Collections Advisory Committee

The Charitable Collections Advisory Committee requires licence holders to prepare annual accounts and have them audited and submitted to the Committee within 4 months of the end of the financial year.

When a Club holds a Charitable Collection Licence, they must use an independent approved auditor to audit accounts, except where the gross value of funds raised in the year is less than \$2,000, whereby the audit may be undertaken by any independent person.

Clubs must ensure accounts are signed by the auditor as well as a person responsible for their preparation and comply with any conditions attached to licenses issued under the Act in relation to approved auditors.

The Audit Process

The Club financial year generally ends on April 30 each year.

The auditor will require the following information and principal accounting records to perform their audit:

- Records containing cash receipts and cash payments information, including bank statements, cheque books, reconciliations and GST information
- A general ledger recording all assets and liabilities, income and expenditure (this would usually be in the form of a trial balance, profit and loss statement and balance sheet)
- General journals recording any one-off transactions
- Petty cash records
- Statutory records, including minutes of all meetings
- Asset register information

The auditor will also perform the following as part of your audit:

- Tests on your accounting systems
- Review of your internal accounting controls
- Analysis of your procedures

Upon completion of the audit you will have the following information:

- Statement of Financial Performance
- Statement of Financial Position
- Statement of Cash Flows
- Notes to and forming part of the Financial Report
- Statement by Board of Management Committee



Saving Lives & Building Great Communities



SECTION 05

FINANCIAL MANAGEMENT

At the completion of the audit process, the auditor should provide you with a closing report highlighting any suggested business improvements.

Examples of such business improvement recommendations include:

- Internal control recommendations;
- Procedure and policy recommendations;
- IT recommendations.

Note: SLSWA can assist with the appointment of an approved Auditor.

Internal Audit Checklist

The checklist provided below reflects possible questions that the Clubs may be asked by its auditors. This checklist covers a variety of areas and will assist with ensuring that the Club maintains financial policy compliance.

Subject	Completed?
Committees	
Did the Club's Committee meet regularly during the financial year and in accordance with the Club's Constitution?	
Did the Committee maintain minutes of each of the Committee meetings and have these been kept on file?	
Was the relevant financial information provided at each Committee meeting?	
Accounting Records Checklist	
Has the financial report been printed and filed for the audit at the end of the financial year?	
Budgeting	
Did the Committee approve the annual budget?	
Were any major revisions to the budget approved by the Committee during the year?	
Did the Committee regularly undertake comparison of actual results to the budget?	
Did the Committee monitor the cash flow of the Club?	
Bank Accounts	
Were monthly bank reconciliations performed?	
Were all unreconciled items investigated and followed up:	
Unpresented cheques;	
Deposits not yet credited;	
Reversals and cancellations;	
Sundry entries.	
Were any bank accounts overdrawn during the period?	
Was the President a signatory to all of the bank accounts?	
Were bank account signatories current and in accordance with Club's policies?	
Were two signatories used to sign off expenses in the online system and on cheques?	
Asset Checklist	
Was access to inventory, equipment and property limited to responsible persons during the period?	
Was a stock take undertaken during the period to ensure the existence of assets?	
Are the items recorded as assets owned by the Club?	
Has the Club been recording depreciation on the assets?	
Have assets that have been fully depreciated or disposed of been removed from the register?	



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Subject	Completed?
Banking Checklist	
Was all cash banked regularly (daily or weekly) by a person other than the one who collected the funds?	
Were bank deposit slips prepared in duplicate?	
Did the depositor sign the bank deposit slip?	
Was the cash stored in a locked safe with controlled access?	
Were dishonored cheques followed up?	
Were petty cash limits maintained?	
Grant Income Checklist	
Was grant income approved and an invoice issued?	
Did the Treasurer enter receipt of all grant income into the accounting system?	
Did the Committee ensure the expenditure for the grants purpose was exhausted?	
Bar and Canteen Income Checklist	
Were there any discrepancies against the daily taking sheet and money received recorded?	
Did the Treasurer ensure that money received matches daily taking sheet?	
Was cash kept in the safe until the next business banking day?	
Were sales taken entered into the accounting system by the Treasurer?	
Membership and Subscription Income Checklist	
Was an invoice issued?	
Were monthly transactions detailing members reviewed?	
Donation and Fundraising Income Checklist	
If payment is by cheque, is a driver's license number written on the back of the cheque?	
Are all cash receipts recorded in the cash receipt book?	
Has money been deposited by the Treasurer?	
Merchandise Income Checklist	
Was the cash from sales kept in the safe until the next business banking day?	
Has all merchandise sales during the financial year have been recorded?	
Purchases Checklist	
Have all purchases have been approved by an appropriate person?	
Was each invoice date stamped upon receipt and passed onto the Treasurer?	
Have cheque and online payments been authorised by two approved signatories?	
Was an account payables listings are presented to the monthly Committee meetings?	
Payroll Checklist	
Were contracts signed for all new staff employed during the financial year?	
Was payroll paid on a timely basis and recorded in the accounting system for the period?	
Has compliance with the law been maintained?	
Have the payment summaries been issued on time?	



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

5.8 EMPLOYMENT WITH YOUR SURF CLUB

When a need is identified within your Club for a role to be completed, you may explore the option of employing a person or acquiring the services of a volunteer. You may advertise vacant positions in the local paper, through the SLSWA online news, approach an employment agency, have a feature article in the local paper, or even source someone through word of mouth.

Advertising a Vacant Position

Before placing an advertisement, it is necessary to have a clearly defined job description, outlining the roles and responsibilities associated with the position. These details should be briefly explained in the advertisement, in order to attract people best suited for the position.

For paid employment, you will require a copy of the person's curriculum vitae and two recent references (contact details should be provided). After perusing these documents you may wish to interview some of the candidates.

When filling a volunteer position, you may require a verbal reference only but ensure relevant checks and requirements are made and fulfilled and documented.

Writing a Job Description

To ensure you get the right person for the job, it is important to have a clear outline of what the position is to be filled, and the duties that person will complete.

This Club Guide outlines some possible job descriptions. However you may wish to tailor them to your Clubs needs or create a completely new position⁵.

A Job Description must be designed in consultation with your Club Executive Committee and Club President. It should include:

- Position title;
- Where the position will be based;
- Who the person will be responsible to;
- Duties and responsibilities;
- Knowledge and skills required (i.e. qualifications);
- Estimated time commitment and period of appointment (where appropriate).

Interview Technique

Before interviewing potential volunteers and employees for your club, it is necessary to clearly define what type of person will best fill that position and work well within your Club. Remember to have a clearly defined job description prepared, outlining the roles and responsibilities associated.

In the interview, it is important to have at least two interviewers present, preferably male and female. Have set questions outlined and nominate who will ask what question. Allow some time during the interview for the candidate to ask any questions they may have and allow spontaneity for conversation to flow from the discussion.

Provide each applicant with clear details of the employment contract, how performance will be judged, the salary package and conditions of termination for either party.

The salary and entitlements package should be decided in conjunction with your budget. Ensure that the salary offered correlates with the services expected - professional services expect professional pay.

An interview assessment form is a useful tool if there are a lot of people applying for the position. Categories rating the candidates skills, experience, presentation and potential, is a useful way of creating a short list for second interviews.

⁵ Refer to Job Descriptions under Member Services section



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Your interview questions should be designed to determine how suitable the person is to work within your Club and in the particular role. At the end of the interview, you should have a good understanding of the person's professional attributes and suitability for the role, in addition to a general understanding of what type of person that person is.

Generic interview questions:

- What is your understanding of the Surf Life Saving Club?
- Outline your knowledge of SLSWA and SLSA?
- What skills or experiences do you think will make you a good candidate for this position?
- What are your strongest points?
- What are your weakest points?
- What can you bring to the Surf Life Saving Club and specifically to this particular role?
- How do you feel about working on weekends and or out of hours?
- Do you have any experiences that will aid you in working with people of different backgrounds?
- What do you think the position can bring you?
- Do you have any questions for us?

These questions can be tailored to suit the position you are seeking to fill. You may require a more specific understanding of a person's previous experience, career goals, etc, which can be addressed at the time of interview.

Job Contract

A written job contract should be provided for all paid employment, stating the salary (award or non-award), type of employment status (casual, permanent, part time or full time), holiday entitlements, sick leave and the term of contract.

The job contract is drafted for the protection of employee and employer and as such, a copy, signed by both parties, should be kept by both parties.

Contact SLSWA Corporate Services for assistance in drafting an employment contract.

Employee Records

An employee fact sheet should be completed by the employee and retained with other Club records. The fact sheet should include:

- Personal details
- Drivers licence details
- Police clearance details
- Emergency contact details
- Medical details
- Electronic funds transfer authorization
- Employee:
 - authorisation to contact the nominated emergency contact in the case of an emergency
 - Declaration that all of the above details are correct
 - undertaking to notify SLSWA if there are any changes to the above details



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Conditions of Employment

- Award conditions state the hours, wage and allowance that must be followed for that particular type of work. It is possible to offer better conditions than the award states, however offering less is illegal
- Non-Award conditions of employment do not offer guidance for particular type of work. However, an employer must comply with the minimum conditions of the National Employment Standards. It is recommended that wherever possible award conditions are offered, to protect the best interests of the employee and to attract the best candidates for the job
- Casual employment pay is generally structured on an hourly rate structure or award and is usually offered to people who are working for a short period of time
- Permanent employment is usually structured as full-time or part-time. The entitlements of a permanent employee may differ from a casual employee, such as paid holiday leave, sick leave, parental leave, maximum working hours, redundancy, long service leave and public holidays

Difference between a part-time and casual employee

The essential difference between a part-time employee and a casual employee is that with part-time employees, there is the pre-arranged regularity of the hours of work. In other words, part-time employees work on a regular and systematic basis whereas with casuals there is a certain informality, uncertainty and irregularity of engagement. It should be pointed out that where casual employment is becoming regular and systematic it may be deemed that the person has become a permanent part-time employee, particularly where they have the expectation of ongoing employment.

Importance of the difference

Part-time employees are legally entitled to more benefits than the casual employee. If you incorrectly classify a part-time employee as a casual employee, they may have a claim to some entitlements of which they were not provided.

Training and Development

Retaining employees and volunteers is integral for continuity and successful management of your Club. To maintain interest, motivation, high performance and job satisfaction from your employees and volunteers, it is important to offer training and development.

Training programs are offered through SLSWA, local community groups, private organisations and the Western Australia Government. Club Members are also valuable facilitators for training others and are often willing to help in Club improvement.

If your Club has specific requirements or needs to be met, training and development of current staff and employees may appeal to both parties – not only does the individual acquire new skills to benefit their own personal growth, the Surf Club will not have to interview new employees/volunteers or outsource the work requirements.

Supporting Employees

An ideal work environment will support their employees in the following ways:

- A clear job description that outlines tasks, responsibilities, reporting lines and channel of communication
- A suitable and safe working environment (see Risk Management section)
- Receive adequate briefings and guidance on tasks
- Provision of feedback
- Consideration and respect from colleagues



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Superannuation and Workers Compensation

Superannuation

As an employer, it is compulsory that your Club contribute to a superannuation fund for each of your employees. From July 2005 has been a requirement that you also offer your employee a choice of superannuation fund.

A 'Choice of Superannuation Fund Standard Choice form' can be obtained from the Australian Taxation Office website⁶.

Generally, you have to pay super for your employees if they:

- if they're 18 years or over
- are paid \$450 (before tax) or more in a calendar month; and
- work full-time, part-time or on a casual basis

You also have to pay super for any employee who:

- is under 18 years of age
- is paid \$450 (before tax) or more in a calendar month; and
- works full-time, part-time or on a casual basis for more than 30 hours in a week

You may also have to pay super for any employees who are visiting Australia on a temporary resident visa.

Workers' Compensation

Workers' Compensation insurance protects employers and injured workers from financial costs when a worker sustains a work-related injury or disease. The Workers' Compensation and Injury Management Act (1981) states that employers must have workers compensation coverage for anyone who is defined in the Act as a 'worker'. Individuals who work for your Club under a contract of service are deemed workers (for further details go to www.workcover.wa.gov.au/Employers).

⁶. Refer to Job Descriptions under Member Services section 9



Saving Lives &
Building Great
Communities



SECTION 05

FINANCIAL MANAGEMENT

Induction of Employees

Induction of an employee into their new working environment is an important tool to familiarise the employee with your Club. This includes:

- Introducing the other staff
- Emergency procedures
- First aid facilities
- Review of job description and Manager's expectations
- Structural overview
- Administrative overview
- Occupational Health and Safety overview

Note: refer to the Members Services section for volunteer induction guide.

Payroll Process

