

# Financial management for clubs

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## The Treasurer

The treasurer is a key person in the club's management. They are represented on the club's board or committee, and take overall responsibility for its financial management. It is important that the treasurer doesn't work in isolation, all members of the committee should have input. At the very least the management committee should be involved in the developing and approving budgets, keeping to date with the financial position of the club and asking questions about the finances

A treasurer with financial experience is ideal but not essential.

The treasurer will require a job description - this sets out what they're supposed to do and provides standards for their performance.

The role of the Treasurer is broad. It includes day-to-day clerical tasks, the preparation of budgets, regular reports to the management committee and annual financial statements, and the making of recommendations to the management committee on the most effective use of the Waka Ama club's funds.

## Policies and procedures

In managing your organisation's finances, you should set policies and procedures that must be followed. This will make it easier to keep track of the money that comes into the organisation and how it is spent.

Some areas to cover in your policies and procedures include:

Cash receipting:

- writing receipts for cash received such as donations, membership fees, etc.
- banking all money received (i.e. don't use it to pay for costs)
- banking cash as soon as possible after it is received.

Making payments:

- pay for all purchases and expenses (except for small, petty cash items) by cheque, direct credit, or Internet banking so there is a record of the transaction
- have a system for approving payments
- only pay a bill when an invoice has been received
- have designated cheque signatories and two signatures on every cheque (or two authorising codes for internet banking)
- have a system for filing invoices
- have a petty cash system for small payments with procedures to balance and reimburse it.

This is basic information you need to manage your club's finances, remember that the size of your club determines the financial management processes that need to be put in place

## Accounting systems and software

Usually a computerised accounting system is the easiest and simplest way to keep track of the club's accounts. There are several simple programmes or software packages available such as [Xero](#) (Waka Ama NZ has a deal with Xero, contact [admin@wakaama.co.nz](mailto:admin@wakaama.co.nz) for more info). If the club is small enough a manual system may be sufficient.

Here's what your accounting programme should be able to do:

- calculate GST and allow you to allocate it by individual transactions
- follow spending
- produce comprehensive financial accounts (profit, loss and balance)
- allow you to make necessary adjustments easily
- provide you with the information required in an easy-to-understand report form
- and provide information in a clear format that everyone using it can understand clearly.

## Bank Accounts

The club will need a cheque account. Cheque books provide a simple and effective way to track the club's spending. Usually clubs have two management committee members (including the treasurer) who are authorised to jointly sign the club's cheques. Three members may be authorised, with only two required to validate the cheque. The club's bank statement also provides an accurate record of spending. You can choose the frequency of these statements.

## Budgets

The club will require an annual budget. This is the responsibility of the treasurer and is agreed on by the club's committee. Once the budget is approved, it is added into your accounting system so that it can be compared to the club's actual income and expenses. You can use either an Excel spreadsheet or a manual cashbook for the club's budget.

To prepare a budget:

- start with actual income and expenditure from the previous year - if the club is new you will have to base this on realistic estimates
- add what you know about the coming year
- adjust and modify until you have a realistic and reasonable budget
- get the budget approved by your management committee or governing body.

[Sample annual budget](#) (XLS)

[Sample Yearly/Monthly Club Budget](#) (XLS)

## Audits

The club's financial records will be audited from time to time. During an audit, a person independent of the club (such as an accountant) checks that the financial statements are a correct record of the financial position of the club at the time of the audit. Auditing can be a lengthy process and it is a good idea to allow six to eight weeks for an audit to be completed. Your club's auditor will need:

- the club's cashbooks, written up and balanced for the year, and journals or ledgers that the club uses for records
- bank statements for the whole year
- copies of deposit slips and cheque butts
- receipt books with duplicate and original copies, plus any unused receipt books
- vouchers for payments made by the club, arranged in numerical order
- receipts or copies of cheques paid to your club
- copies of minutes from your management meetings that show how financial decisions were made and agreed
- copies of any previous audit statements
- all financial statements for the year being audited
- any other relevant financial documents.

## Tax and GST

The [Inland Revenue Department](#) provides information and a section of frequently asked questions about collecting and paying GST.

Sports clubs are often registered as charitable trusts, which are exempt from income tax. According to New Zealand law, a charitable trust must exist principally for a charitable purpose. For an organisation's purposes to be deemed charitable its activities or aims must benefit and be available to a large part of the community. Therefore it must not be for the benefit or profit of any individual.

Charitable organisations need to be registered by the [Charities Commission](#) to enjoy the tax exemptions. The IRD website includes a section on [charitable organisations](#) with information about how this relates to tax.

## More information

The IRD has more information on:

- cashbooks and general record-keeping
- tax information for charities
- a '[Smart Business' Guide](#) for small business and non-profit organisations.

[Community Net Aotearoa](#), an New Zealand internet resource, has lots of useful information and resources about financial planning and cash flow forecasting.

Case Study - <http://www.sportnz.org.nz/managing-sport/case-studies/a-wellington-karate-club-becomes-financially-secure-without-external-funding>