

# **Financial Management Guidelines**

## **Clubs and Societies Committee Policy**

**Adopted 4/11/2010**

**Amended 16/2/2012**

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### **About these Guidelines**

This document has the status of Policy as adopted by the Clubs and Societies Committee (the Committee). This document is intended to provide affiliated clubs with guidelines for the responsible financial management of their club and does not constitute legal or financial advice. If a club does not adopt these guidelines, this does not necessarily qualify them for disciplinary action under C&S Regulations 6.1b. Clubs which do not adopt these guidelines in whole or in part do so at their own risk. If a club is subject to a petition for discipline under C&S Regulations 6.1b and has employed these guidelines in good faith this shall be considered by the Committee.

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## **1. Introduction**

The Treasurer and other members of a club's Executive and committee all have a responsibility to ensure that a club's funds are properly managed. There is one core principle which underlies almost everything in managing a club's finances:

***Club money is the members' money.***

The club's money is derived from and belongs to the members of the club as a whole. It is not for the benefit of individual members or executive members. This is spelled out in the rules of the Clubs & Societies Department (the Department) and the rules of each individual club (C&S Regulations 7.3g, 7.4 and clause 21 of the Standard Constitution).

The aim of these guidelines is to help affiliated clubs manage their money responsibly and avoid trouble. If a club "misappropriates funds, or the committee believes upon a financial audit that the club has been financially mismanaged" (C&S Regulations 6.1b), then the Committee may take disciplinary action. Disciplinary action may include a period of probation or penalties such as suspension of grants, suspension of access to Student Union resources or disaffiliation (C&S Regulations 6.2).

## **2. Bank Account**

Clubs are required to have a bank account with a bank that has a branch on campus (C&S Regulations 4.4.3). The bank will allow for a club to assign 3 or more signatories. It is important to keep these up to date so that club funds can be accessed.

Clubs must:

- Obtain monthly bank statements. This may be paper statements sent to the club's on-campus address or access to an electronic transaction history. This allows other Executive members to access the statements if the Treasurer is away. Statements should not be sent to the home address of the Treasurer or other committee member.
- Have the withdrawal of any funds subject to two signatures. This means that cheque books and passbooks are acceptable, while single-authorisation such as ATM cards or internet transfers are not acceptable.
- Keep bank statements for 7 years. They may be required if the club is audited. Bank statements should be filed and passed on to each Treasurer or kept in secure club facilities.
- Submit the required bank statements to the Department with AGM papers.

## **3. Financial Sustainability & Solvency**

Club executives must run the club in a financially sustainable and solvent manner. If you cannot afford to fund an activity from club resources, don't do it. The C&S Department cannot and will not honour debts incurred by clubs. We do not have the funds for bailing irresponsible clubs out of financial difficulty and we are also prohibited by regulation from doing so (C&S Regulation 7.1.b). Club executive members that incur debts that the club cannot pay will be personally liable to cover the debt.

#### 4. Budgeting

Budgeting should occur at the beginning of the committee's term and should be developed to include all of the club's activities where money will be spent or earned. A budget should include the expected income and expenditure. If income is not being met or is exceeding expectations, the budget can be adjusted at a later date. A budget can be set based on prior experience or developed from first principles (the actual cost of activities) or a combination of the two.

##### **EXAMPLE Yearly Budget**

Income	Membership	200
	Merchandise	400
	Ball tickets	1000
	Camp tickets	2000
Total Income		3600
Expenditure	Merchandise	(300)
	Ball	(900)
	Camp	(1800)
	Stationery	(20)
Total Expenditure		(3020)
Surplus/Deficit		580

When making a budget, the following potential sources of income may be considered:

- Membership fees
- C&S Grants
- University Grants (Provost, Vice Chancellor, Diversity Week)
- Sponsorship (note the income tax effect: this is entirely non-mutual income)
- Merchandise sales
- Tickets (budget to make a small surplus)
- Service-provision (selling your club's specialised knowledge/skills)

Clubs that are not income tax exempt must be aware of the impact of a particular source of income on their income apportionment.

As a non-profit organisation, you do not have to break-even all the time. It is acceptable to budget to make a surplus (profit) on an event or sale. This surplus must be reinvested in the club, and will off-set losses on other activities that do not generate income to cover the expenses.

#### 5. Membership Fees

Set a membership fee that will generate some income for the club without discouraging people from joining. Charging a reasonable fee places value on the service you provide to your members. Many clubs charge between \$2 and \$10. You are allowed to have free membership, but remember that this will mean that you do not generate a cash flow to start the year.

## 6. Cash Handling

Cash is easily lost or stolen and so clubs should minimise the amount of cash that is kept on hand. Clubs must also endeavour to minimise the risk of managing cash and maximise the accountability and transparency of cash handling by keeping petty cash records with cash. When cash is received by the club, and then spent without recording the income, proper financial reporting is impossible.

Petty cash records are simple, usually featuring columns for item, amount out, amount in and balance. Clubs should:

- Use a secure cash box. It should be key-lockable and be securely stored. Key and box should be separated when not in use.
- Record all transactions in the petty cash record and keep all docketts.
- Keep minimal petty cash. If possible, keep no petty cash and get a float from the bank on the day of the event.
- Cash should be counted in the presence of at least two people (e.g. Treasurer and one other Executive).
- Deposit the cash in the bank as soon as possible.

When handling large amounts of cash (e.g. Orientation or ticket sales) plan to have two people counting and recording the takings, and make regular trips to the bank.

## 7. Transactions and Record-Keeping

This section deals with approving expenditure, recording income (receipt books), recording expenditure (cheque butts) and cash books. The cash book and bank reconciliations are discussed in detail in Record-Keeping & Reporting Training, which is compulsory for all Treasurers.

All club financial records must be kept together and passed on to subsequent Treasurers for 7 years. The records should include:

- Committee minutes
- Cash Book (ledger book or electronic files)
- Monthly Bank Statements & Reconciliations
- Copies of invoices/docketts to authenticate all expenditure
- C&S Grant Payment advices
- Petty Cash records (including all docketts)
- Cheque & Receipt Books (in use and old)
- Copies of Tax Self-Assessments & any ATO paperwork
- Financial Reports presented at AGM/SGM
- List of bank account signatories

Expenditure and reimbursements must be approved by the club's committee prior to being paid. The club's budget should be used as the basis for approving payments. Treasurers and other account signatories should not sign (or be pressured into signing) cheques or payments for expenditure which has not been approved. Keep committee records, such as minutes, so that it can always be shown that expenditure was properly approved.

Income should be recorded in receipt books. Receipts should be made for all income, such as memberships, the sale of ball tickets or club merchandise.

Similarly, expenditure should be recorded by completing and keeping cheque butts.

The cash book is a record of all of the transactions that the club makes. It will combine the information from the petty cash book, the receipt books and cheque butts. The cash book should be regularly reconciled with bank statements to ensure that all records tell a consistent story. Keeping an up-to-date cash book ensures that financial reporting can be completed easily. The cash book will include columns for date, details, receipt amount, receipt number, payment amount, cheque number and balance. Columns for tax-related information may also be required. Multiple transactions of the same kind can be grouped together (e.g. 26-2-2011 / Memberships / \$50 / Receipt numbers 5-30 / Balance \$80).

## 8. Financial Reporting

Towards the end of a term in office, Treasurers have to prepare a report for the club's AGM. This should cover the period from the previous AGM to the current AGM (C&S Regulations 5.2.4f). A template will be included with the AGM forms provided by the Department.

The Treasurer must prepare a Cash Flow Statement which is a summary of the income and expenditure of the club over the year.

**EXAMPLE Cash Flow Statement**

Opening Balance (from previous AGM)			100
Income	Memberships (55x\$5) 250	275	
	Cocktail tickets (100 x \$10)	1000	
	Camp registrations (30 x \$90)	2700	
	Club Merchandise	400	
	C&S Grant Payments - 29/4/2012 (Camp) 400 - 29/4/2012 (Merchandise) 250 - 2/6/2012 (Stationery) 20	670	
Total Income			5045
Expenditure	Orientation	(300)	
	Camp	(3000)	
	Merchandise	(250)	
	Stationery	(20)	
	Cocktail function *	(900)	
Total Expenditure			4470
Surplus/Deficit (Total Income – Total Expenditure)			575
Closing Balance (Surplus/Deficit + Opening Balance)			675

\* C&S Grant yet to be received

Note that the Grant amount is not accounted for UNTIL IT IS RECEIVED.

**9. Tax**

All clubs must make themselves aware of their legal obligations to the Australian Tax Office. In order to determine if a club has to pay GST or income tax, the Department has two forms which must be filled out honestly and correctly each year at AGM time. In particular, the Income Tax exemption categories must be honestly assessed, and every club should have ongoing knowledge of its income tax exemption status.

The C&S forms discharge the Department's responsibility to advise and support clubs in fulfilling their tax obligations. The club is responsible to complete these forms correctly and if necessary lodge tax returns with the ATO. If a club does not complete these forms correctly and is found to have a tax liability, then the dispute is between the club and the Australian Tax Office, not the C&S Department. Individual members of the club executive may be liable if the club is fined for tax evasion. The Department cannot show leniency to affiliated clubs in this matter.

## 10. Assets

Regulation 7.2d defines assets as a single item or a group of items, which have lasting value to the club, with a purchase value exceeding \$50, or a publication with a value exceeding \$15 retained by the club. If a club has assets purchased with C&S grants then an asset list must be maintained and the C&S-funded assets presented annually for checking by the C&S Administrator. A club asset has a life of 3 years, after which time the club retains the asset but it may be removed from the list and is no longer required for annual checking.

See Regulation 7.2 for more information about purchasing assets with C&S Grants.

### *Example Asset List*

#### **UMSU C&S Committee funded assets**

2011 Club Name/Address Stamps (2)  
Officeworks \$61.20

2009 Club Banner  
Flags are Us \$450

#### **Club Funded Assets**

2010 Cannon Inkjet Printer  
Smart Shop \$450

2011 Esky set (50lt, 26lt, drinks cooler)  
Myer \$60

## **11. How to Avoid Misappropriation, Mismanagement and Miscellaneous Trouble**

In order to avoid misappropriation, mismanagement or disciplinary action by the Department:

- Don't make payments that haven't been approved by your club committee
- Don't make payments that will overdraw the club bank account
- Sign payments that have been properly approved by your club committee
- Keep orderly records and all financial documents
- Don't pay for things which benefit individuals rather than club members
- Report at AGM using the template provided
- Tell the truth. If you make a mistake and are up-front and honest about it then you will be much less likely to get penalised and more likely to be assisted in fixing the problem.
- If unsure, ask for help.

## **12. C&S Policy: Audits**

This Policy is included for your information, and is not a Guideline, but a binding policy of the C&S Committee.

**Adopted 3/6/2011**

**Amended 7/08/2019**

In order to ensure that proper financial records are kept by clubs and reporting procedures are being adhered to, the C&S Committee may order audits of clubs at any time.

Audits will be ordered by the C&S Committee on the basis of concern about a club's financial reporting raised by a member of the club or by C&S Officer or Coordinator.

No club may refuse an audit and must comply with all reasonable requests involved in the audit.

When the C&S Committee orders an audit, the club will be given two weeks to submit all financial records dated within the time period specified by the Committee. Clubs may request an extension, however it is at the discretion of the Coordinator (for periods before the next Committee meeting only) or the Committee whether it is granted.

Once the records have been reviewed, the club will be informed of any issues and a deadline to give explanations before audit results are reported to the C&S Committee.

If any disciplinary action results from the audit the regular notification procedures will apply.

Hard copy records will not be kept by the C&S Office for longer than a month and will be returned to the club when no longer required. The club can access their own documents during the audit.

## **13. C&S Policy: Clubs Online Application for Payment Submissions**

**Adopted 9/03/2016**

**Amended 7/08/2019**

### Electronic submission requirements

A club may submit scanned Tax Invoices, Receipts and Event Attendance Lists to make a Clubs Online Application for Payment under the following conditions:

- The club must keep the original documents. Alternatively, the club may submit the original documents to C&S for filing.
- C&S may require submission of original documents at any time to internally audit club submissions. That is, an original document cannot be submitted elsewhere.
- Any one document may only be submitted to Clubs Online once.
- Only clear, complete scanned documents will be accepted.

### If an Invoice or Receipt is required more than once

As a document may only be submitted once, if a payment document applies for two or more grants the following process should be followed by the club to submit the Application for Payments:

- All applicable Applications for Payment should be calculated and submitted at the same time.
- For the shared payment document, calculate the payment amount and GST applicable to each grant and record the divided amounts in a Word document.
- Submit the Invoice/Receipt into one of the Applications for Payment, noting the CSF reference number in the Word document with the division calculations.
- Submit the Word document into the other grant/s where Receipts would usually be submitted.

Complete the Calculation fields in all grants using the divided figures calculated above.

### Acceptable payment evidence and Tax Invoices

All Applications for Payment must be made with both Tax Invoices and proof that payment has been made.

The C&S Department must be able to discern what was purchased. C&S will reject ambiguous payment documents (e.g. eftpos receipts).

Tax Invoices (see C&S publication "What is a Tax Invoice?") should always be requested by the club when making grant-applicable purchases. A Tax Invoice is required for all purchases over \$82.50. For individual purchases under \$82.50 if a Tax Invoice is not available, another unambiguous receipt will be accepted and GST can be calculated by dividing the receipt total by eleven (e.g. GST on \$20 is \$1.82).

### Overseas Receipts

The C&S Department will pay overseas invoices or receipts only when:

- The item(s) purchased is clear.
- The date, amount and currency are easily identifiable and fall within the reasonable and allowable purchase period for the grant.
- Evidence of payment is provided.

The C&S Department will process the payment by converting the international currency into Australian dollars on the date of payment using the conversion tool at <http://www.oanda.com/currency/converter/> and then calculating the payment using the regular grant rules.