

# SANFL Community Football Forum

## Financial Management & Governance Handbook

29 February 2020

# Galpins



# The F Word

- Fraud and financial management
  - Using one's position for personal benefit
  - \$482 million lost - in 2016/17 (estimate 3x not detected)
  - 13% of frauds occur in the not-for-profit sector
  - Extends beyond financial loss – Negative impact on...
    - ✓ Financial sustainability
    - ✓ Reputation
    - ✓ Experience of participants, members and volunteers
    - ✓ Community mistrust – very difficult to repair
- How to prevent fraud and financial mismanagement?



# Connect with your peers

- Treasurers are often facing similar challenges
- Pair up with somebody
- Note down (during the session)
  - ✓ The details of your buddy
  - ✓ A take-away from today to apply at your club
  - ✓ A take-away you plan to do in the next 6 months
  - ✓ Share your take-away with your buddy and the group
  - ✓ Catch up in 6 months to discuss the progress
- Documented Financial Management Handbook



# Why implement the Financial Management Handbook

- Key systems and processes to communicate and achieve the Board and Organisation's objectives, continuity of process
- Ensure financial information is accurate and reliable for decision making
- Safeguard assets for your Members and reduce the risk of error and fraud
- Protect yourself from accusations
- Financial sustainability and poor decision making are a silent killer of NFPs
- An Auditor is not a substitute for good financial control practices (Example – Arthur Anderson/Enron)



# Five Key Controls Addressed in the Handbook

## # 1 – Governance - set the tone from the top and understand who does what

### Small clubs

- Understand who does what, implement the handbook
- Don't make exceptions for the Board or people you trust

### Large Clubs

- Use the handbook to document your processes, set up a sub committee for financial and risk management,
  - Encourage high standards of ethics
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- Examples - Enron, Essendon, FIFA, Cairns and District Softball Association

# Five Key Controls Addressed in the Handbook

## #2 Segregate important accounting roles

Why? Safeguard the club's assets and limit the opportunity for "easy" fraud

Small clubs

- Access to the bank account
  - Ensure dual authorisation
  - Remove access for the person preparing the bank reconciliation (Marsh Insurance)
- Password protect your finance system

Large clubs

- Separate the person responsible for the bank reconciliation from other key financial activities (accounts payable, counting cash, stock control etc)

Example - Flinders University Fraud (2 passwords to steal \$27m)

# Five Key Controls Addressed in the Handbook

## #3 Bank Reconciliation

Why? **Most important procedure for financial management and to detect fraud.**

Small clubs

- Prepare it monthly
- Preparer and reviewer sign
- Formalise the process and file them

Large clubs

- Prepare more regularly, weekly
  - Use bank feeds for efficiency (always confirm final bank rec for month to bank)
- Example - Flinders University Fraud - excel bank statements

# Five Key Controls Addressed in the Handbook

## #4 Cash Collection Controls

Why? **Safeguard cash, prevent theft and protect members and officials from disputes**

Small clubs

- Two people counting and signing all cash collections

Large clubs

- Identify all your cash collection points
- Segregate collectors and bankers from the bank reconciliation process
- Rotate the people who collect and count cash
- Compare amounts taken against budget
- Example Cash Skimming – Cairns and District Softball Association (unsophisticated - not banking cash received)





# Five Key Controls Addressed in the Handbook

## #5 Control your expenditure

Why? **Fosters fiscal responsibility and ensures financial sustainability**

### Small clubs

- Understand who can spend money
- Limit “reimbursements” to volunteers / staff – they are difficult to control

### Large clubs

- Assign delegations for expenditure annually (who can spend what and how much)
- Set minimum standards for procurement i.e. obtaining quotes to achieve value for money
- Ensure purchases are reviewed and approved before they are paid
- Example – Tahitian Prince (QLD Health Employee), Banyule and District Netball Association – falsified invoices, no ABN checks on new vendors

# Summary

- The Handbook includes documented processes
  - #1 Set the tone from the top and understand who does what
    - Governance structure, terms of reference for sub committees, Board responsibilities
  - #2 Segregate important accounting roles
    - Documented processes for payments, receipts etc
  - #3 Bank Reconciliation
    - Details who's responsible and how its done
  - #4 Cash Collection Controls
    - Templates for cash collection
  - #5 Control your expenditure
    - Template budgets
    - Example delegations
    - Accounts payable and procurement policy



# Other Helpful Hints

- GST Guidance
- End of year procedures
- Standing agendas
- Treasurer's report
  - ✓ summarise financial information by business segments
  - ✓ cash position and liquidity
- Budgets and financial ratios
- Implement the handbook



# External Resources

## Free quality resources available for NFPs

- Westpac - Guide to being a NFP Treasurer
  - Budget tools
  - Important ratios and how to calculate them
- AFLcommunity.com
- CPA Australia Guide for Treasurers – written in basic language



# Thank you & Questions

- Community football clubs contribute \$630,000 annually per club to the economy. *Street Ryan Economic Contribution Assessments of Australian Football*
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SANFL Club Development Day 2020

