

BY-LAW NO. 19

SUBJECT: FINANCIAL AUTHORITIES AND PROCESSES

COMMENCED: Draft November 2019

LAST UPDATE: Endorsed at the Special General Meeting held on 30 November 2019 for final consideration by a subsequent meeting of the Board of Management following minor amendments.

Draft 05 January 2020

Approved with minor amendments by BOM at the 18 February 2020 meeting

1. GENERAL PRINCIPLES

- (a) The following general principles underpin financial processes and expectations for Maroochydore SLSC:
- (i) Transparent and equitable;
 - (ii) Accurate and timely recording of receipts and payments;
 - (iii) All payments must be supported by documented tax invoices;
 - (iv) All monies received for non-trade activities will be properly receipted and receipt issued;
 - (v) Trading activities are recorded and reported accurately and in a timely manner.
- (b) Expectations of members are reasonable, and are able to be followed and understood;
- (c) Financial reporting will identify actual income and expenditure compared to Board of Management approved budgets;
- (d) Financial authority is an acceptable balance between efficiency and governance;
- (e) Financial Authority levels;
- (f) The Authority Levels outlined below apply to purchases and payments where activities are in accordance with the relevant Finance By-Law, i.e., these Authority Levels do not stand alone;
- (g) At all times expenditure must be supported by original supplier tax invoices in accordance with the Club's Purchasing rules.

2. GENERAL PURCHASING REQUIREMENTS

- (a) The following table details the minimum requirements for committing the Maroochydore SLSC to purchases:

Requirement	Amount
Competitive Tender - Specialist Surf Sport equipment	above \$20 000
Competitive Tender	above \$10 000
3 Written Quotes	above \$5 000
Purchase Order	above \$2 000
Petty Cash reimbursement	individual items below \$150

(b) The above requirements may be varied by formal Board of Management resolution for specific purchases.

2.1 Authority to Purchase Goods and Services

Position	Within Approved Budget	Not Budgeted	Original Variation
Board of Management	\$5 001+		
Director & President jointly	\$3 000		
Director or President solely	\$1 500		

(a) Board of Management approval is to be sought during regular monthly Board meetings; however, special meetings or approval by circulation is accepted for unscheduled and urgent purchases.

2.2 Authorisations for Urgent Expenditures

(a) The following specific delegations have been approved by the Board of Management in order to manage urgent expenditures:

Item	Maximum Amount	Position
Emergency Repairs to building	\$15 000	President and Director of Finance and Resources
Life Saving Equipment Repairs	\$1 000	President and Director of Surf Life Saving
Repairs to Competition Equipment	\$1 000	President and Director of Surf Sports
Small Equipment purchases	\$1 000	President and relevant Director
Petty Cash expenses	\$1 000	President and relevant Director

- (b) All cheques and financial instruments must be signed by any two (2) of the following signatories. However, as required by the Club's Constitution no cheque or payment will be signed unless the expenditure has been approved as per the above authorities:
- (i) President
 - (ii) Director of Finance and Resources
 - (iii) Director of Administration and Membership
 - (iv) Director of Surf Life Saving

3. BUDGET

3.1 Definition

A budget is an expression, in monetary terms, of the means by which a club plans to achieve its objectives, i.e., how it intends to fund its activities for the year.

3.2 Operation

- (a) Prior to the start of each season all Directors and the President are required to prepare an annual budget for their activities. Each Director and President is required to table and present their budget for approval by the Board of Management by the following dates.
 - (i) Submission of draft Budgets by 01 April each season;
 - (ii) Submission of final Budgets by 30 September each season;
- (b) A budget template along with support and guidance is available from the Director of Finance and Resources and the Finance Officers. Each Board must endorse their Budgets to ensure that all sectional officers have input. All budgets should be consistent with the approved Strategic Plan of the Club;
- (c) All budgets should identify the timing of expected spending in 12 monthly amounts to allow relevant and useful cash-flow forecasting and reporting. Income, expenditure and asset purchases and sales within the responsibility of the Director or President are to be included in the section budget;
- (d) Unspent budgets from prior years do not roll-forward into the next year; rather the Director or President must prepare budgets based on cash-flows for the current year;
- (e) Budgets will be loaded into the accounting system and reporting against budget will be a focus on the Monthly Financial Reports;
- (f) Budgets will be reviewed every quarter by the Board of Management, or as necessary, as agreed by the Board of Management;
- (g) Where circumstances change or new issues arise Budgets may be varied by formal approval of a majority of the Board of Management following the submission of a business case by the Director or President.

3.3 Responsibility of Directors/President

- (a) Directors are responsible to prepare and submit a draft and final annual budget in the current year to the Board of Management;
- (b) Prepare a draft budget for the next financial year;

- (c) Seek to manage their area with the financial limits of the approved area budget;
- (d) Understand and be in a position to comment on actual financial performance of their area when compared to their approved budget;
- (e) Prepare and submit Budget Variations to the Board of Management where expectations of financial requirements vary from the approved budget.

3.4 Responsibility of the Director of Finance and Resources

- (a) Coordinate the budgeting process in consultation with the Board of Management and to consolidate approved area budgets to produce the Club's Annual Budget;
- (b) Provide advice and guidance to Directors and President regarding budgeting process and practices;
- (c) Produce monthly reports which include a comparison of actual spend and income against approved budget.

4. FINANCIAL REPORTING

- (a) Financial Reporting is an essential activity in the management of any club and comprises monthly and annual reporting. The Director of Finance and Resources is responsible for the preparation and tabling of these reports to the Board of Management and members at the Annual General Meeting. Monthly Financial reports help the Board of Management to:
 - (i) Measure the Club's progressive performance against the annual budget and plan;
 - (ii) Assess the current solvency (ability to pay creditors) and monetary value of the club;
 - (iii) Understand and examine the Club's current activities (trading, lifesaving, membership etc.);
 - (iv) Be assured that funds as reported are in accordance with bank holdings.

5. PURCHASING

- (a) Prior to committing the Club to a purchase of goods or services, approval as per the Financial Authority Levels is required. Verbal approval is not acceptable, documented approval is required either in writing or via a documented Board of Management resolution. Purchases above certain levels require an official Purchase Order, submission of quotes or tender. These levels are defined in the Financial Authority Levels;
- (b) Purchase Orders must be issued by the Pre-printed Purchase Order Form, which are held by the Office Manager, Directors and President. Details required to be recorded on a Purchase Order are:
 - (i) Details of goods or services;
 - (ii) Supplier name;
 - (iii) Supplier ABN;
 - (iv) Supplier address;
 - (v) Date of Purchase Order;

- (vi) Expected date of delivery or required delivery date of goods or services;
- (vii) Cost per item (including GST);
- (viii) Total cost (including GST).

(c) To receive payment Suppliers must be instructed to:

- (i) issue a Tax Invoice which quotes the club Purchase Order number; and
- (ii) address the Tax Invoice to the Club's Office Manager (not the person raising the order).

6. TENDER PROCESS FOR GOODS AND SERVICES

Where required by the Financial Authority levels, the following process is to be followed to tender for the procurement of goods and services:

- (i) General Terms and Conditions will be determined by the Board of Management;
- (ii) The Director of Finance and Resources will be responsible for placing details of the tender inclusive of closing date in the local press and on Club notice boards;
- (iii) All tenders shall be lodged in a sealed envelope marked 'Tender Documents' and addressed to the Director of Finance and Resources;
- (iv) The Director of Finance and Resources will present them unopened to the first meeting of the Board of Management held after the advertised date;
- (v) The documents shall be opened by the President at the meeting of the Board of Management;
- (vi) Following the Rules of Tender, each Tender shall be checked against the advertised terms of the Tender;
- (vii) The lowest price need not necessarily be accepted. However, where submitted tenders comply fully with the relevant Terms and Conditions, the Tender that offers the lowest price will normally be the successful Tender.

7. TRADING FLOATS (Cash Floats)

(a) A trading Cash Float system is necessary for effective management of the Club's trading activities. The Board of Management have approved the establishment and utilisation of the following floats:

- (i) Bar Float;
- (ii) Uniform or Clothing Float;
- (iii) Spare Change Float;

- (iv) Sausage Sizzle Float;
 - (v) Special Events Float.
- (b) Floats will be freshened, or brought back to limit, after each event to ensure the next event has the required float. Floats are event-specific, meaning if there are multiple events over the weekend separate floats will be made available for each event;
- (c) Float Custodians must be prearranged and accepted by the Duty Manager, General Manager or President. Float Custodians are responsible for the:
- (i) control of the float during the event/activity;
 - (ii) accurate recording of receipts and payments;
 - (iii) accurate reconciliation of the float after the event/activity;
 - (iv) placement of the float in a safe location post the event/activity.
- (d) Ultimate responsibility for the float remains with the General Manager;
- (e) Training of Float Custodians and Till Operators is the responsibility of the Duty Manager;
- (f) The Duty Manager is responsible for arranging floats with the Office Manager and defining the denominations for each fresh float;
- (g) The Float Custodian is responsible for accurately reconciling the float to receipts and payment activity undertaken using the Float Summary;
- (h) The Office Manager is responsible for freshening each float by bank withdrawal (using the Cheque Request Form) subject to receiving a reconciled Float Summary from the Float Custodian.

8. PETTY CASH

8.1 Petty Cash System

- (a) A Petty Cash system is a convenient and effective way to reduce paperwork and minimise account fees that would have to be paid if a cheque was drawn for every item of expenditure;
- (b) Petty Cash can be issued in exchange for a receipt as a means of reimbursing members who have used their own money to purchase small items on behalf of the Club.

8.2 Petty Cash Amount and Custodian

- (a) The Director of Finance and Resources will establish a Petty Cash amount;
- (b) Generally, the cost of individual items claimed should be below \$50. Members must provide copies of original receipt as proof of expenditure. Director approval of the expense must be obtained prior to reimbursement being made.

8.3 Receipts

(a) Receipts must record:

- (i) Date;
- (ii) Name of person receiving goods or service;
- (iii) Description of goods or service, e.g., membership fees;
- (iv) Payment amount and whether in full or part payment;
- (v) Signature of person receiving the monies EFTPOS and Credit Card Receipts as per Cash or Cheque Receipts.

9. PROPERTY, PLANT & EQUIPMENT (ASSETS)

(a) An asset is an item that has a useful life exceeding 12 months. However, there is still a need for a value to be placed on what should be identified, e.g., a foamie Nipper board valued at \$70 would not be recorded as an asset, whereas a carbon fibre racing Malibu valued at \$2000 would be. The policy for Maroochydhore SLSC is that items generally above \$1000 will be treated as an asset for accounting purposes. Assets acquired through Club funding, donation, borrowings or grants are deemed to be assets owned by the Club.

(b) The following are examples of Assets:

- Buildings and improvements that are owned or leased by the Club;
- Vehicles;
- Equipment whether Skis, Surf Boats, Office Machines;
- Lifesaving equipment such as IRB, Boards, SSV, Trailers, Patrol Shelter.

(c) Recording of all assets in the Financial Asset Register is important to answer the following:

- What do we own?
- Where is it located?
- How long have we had the asset?
- Does our insurance adequately cover replacement?
- Are our assets adequately maintained?
- What is the value if we wish to dispose of the asset?

(d) It should be noted that the Financial Asset Register is regarded as an official accounting record and is subject to audit. The following information must be recorded for each asset in the Financial Asset Register:

- (i) Acquisition date;
- (ii) Acquisition cost;
- (iii) Cost Centre/Area;
- (iv) Location;
- (v) Depreciation rate or useful life.

(e) Budgeting Purchases of Assets are to be included in annual budgets as approved by the Board of Management.