



## Techniques and Strategies for the Honorary Treasurer

**Association of  
Motoring Clubs**  
July 2005



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# 1 THE HONORARY TREASURER AND GOVERNANCE RESPONSIBILITIES

The various Associations Incorporations Acts around Australia mandate that one of the Officer positions of the Board/Committee of Management is that of Treasurer. The Corporations Law does not specify this position, but does recommend a finance/audit subcommittee to undertake similar activities. All Board/Committee of Management members have an obligation to understand their duties and rights as Directors at law, and in particular Treasurers should have a sound understanding of these.

## 1.1 Directors versus Officers

A “director” is one who is a director by virtue of valid resolution of appointment to the Board. A “director” is also any person who acts like a director, or a person in accordance with whose instructions the directors are accustomed to act. The word “director” also includes a person who acts and is treated like a director although no formal appointment has been made.

“Officers” include the secretary, public officer and executive officers of the company specifically and all employees generally. An executive officer is defined as a person, by whatever name called and whether or not he is a director of the body who is concerned, or takes part, in the body’s management. Officers have almost all of the personal liabilities of directors.

The Corporations Act includes a broader concept of a “director”, and the obligations will include the directors, company secretary, executive officer, and can include any person occupying or acting in the position of director (by whatever name called, and whether or not validly appointed or authorised to act), or any person in accordance with whose directions or instructions the directors of the company are accustomed to act.

Thus simply because a person is not appointed a director, does not mean that, where they occupy a management role, they can escape the obligations.

## 1.2 Duties of Directors

The Board is responsible to the general public through the Board's credibility as an exemplary Governing body, through the standards it espouses within the association, by promoting ethical practices amongst its members, and through the compliance with the duties of Directors at law.

### **There are three duties of Directors at law (Common law, plus Corporations Act 2001).**

Every individual on the Board has the following three duties:

**1. The Duty of Care:** to “act as an ordinary, prudent person would in a like circumstance. This requires diligent, attentive, informed participation”.

**2. The Duty of Loyalty:** to “act in good faith, in the best interests of the organisation. This means do not act so as to harm the organisation or to benefit personally at the expense of the organisation”.

(S181) Each director is required to

1. act only within the powers of the organisation for the purposes for which they are conferred
2. to act with the required care and diligence
3. to avoid conflicts of interest (S191-195)
4. to act for the benefit of the organisation (S181)
5. not to use the information acquired as a director for personal gain (S183) and
6. to retain their independence

**3. The Duty of Obedience:** to “act to ensure the organisation operates in keeping with the laws and rules governing its formation and status and in accordance with its own bylaws and mission”.

**Non-compliance with any of these duties of care may result in criminal actions taken against the Board and the individuals involved.**

### 1.3 Ten Basic Responsibilities of Not for Profit Boards

1. Determine and ensure compliance with the organisation's Vision and purpose.
2. Appoint and manage the Chief Executive. Boards must reach consensus on the Chief Executive's responsibilities and ensure Key Performance Indicators are developed and monitored.
3. Provide proper financial oversight. The board must assist in developing the annual budget and ensuring that proper financial controls are in place, including variance and ration analyses.
4. Ensure adequate resources. One of the board's foremost responsibilities is to provide adequate resources for the organization to fulfil its Vision.
5. Ensure legal and ethical integrity and maintain accountability.
6. Ensure effective strategic planning. Boards must actively participate in an overall planning process and assist in implementing and monitoring the plan's goals.
7. Recruit and induct new board members and assess board performance.
8. Enhance the organization's public standing.
9. Determine, monitor, and strengthen the organisation's key programs and services.
10. Determine and monitor the critical risks and relevant risk management strategies.

The organisation should develop documented policy and delegations of authority describing the roles and responsibility of the board, of individual Board members and of management.

These should be clearly communicated and understood by the Board, management, staff, and members of the organisation.

## 1.4 Rights of Directors

**As a Director, you have the right to:**

1. Receive notice of all meetings
2. Receive all Board papers
3. Attend all Board meetings
4. Seek independent advice on Board matters
5. Retain Board information for up to 7 years

## 1.5 Role of Board

**There are 5 main roles of the Board**

- 1. Legal**
- 2. Strategy and policy**
- 3. Accountability**
- 4. Public relations**
- 5. Risk Management**

### 1. Legal

- The Board upholds the constitution of the organisation via the powers conferred by the Memorandum and Articles of Association or Constitution. This is a legally binding document that governs the scope of activities of the association, and needs to be regularly reviewed.
- Each Board member is personally liable for the proper governance of the organisation, and will be held accountable, at law.
- The Board is responsible to various regulatory bodies under the relevant legislation and regulations eg Workcover, Australian Securities and Investment Commission, Associations Incorporation Act, Corporations Act 2001 etc.

### 2. Strategy and Policy

- The Board approves the Vision Statement and Strategies of the organisation, and monitors the action plans
- The Board determines on-going policy and major programmes in light of the Vision statement and strategies

**There are 5 main roles of the Board**

- 1. Legal**
- 2. Strategy and policy**
- 3. Accountability**
- 4. Public relations**
- 5. Risk Management**

### **3. Accountability**

- The Board is accountable for the overall performance of the organisation
- External and internal accountability (Annual Report and Board Evaluation)
- The Board hires, monitors and fires the CEO
- The Board approves and monitors the financial plans of the organisation. The Board focuses on ratios and variances.
- The Board approves the Budget and monitors its consequences (A good Board member should face budgets with courage and questions, deficits with dismay and questions, and surpluses with satisfaction and questions).

### **4. Public Relations**

- The Board ensures that members are kept informed and involved in the activities of the organisation
- Board members represent the organisation at appropriate functions and meetings
- Board members truly understand and represent the intent of the Vision statement
- Board members speak with one voice.

### **5. Risk Management**

- The Board ensures that it understands the 3 or 4 critical risks that the organisation faces in its activities.
- The Board monitors the appropriate risk management strategies that need to be in place to manage the identified risks: eg. insurance, succession planning, internal controls
- Board establishes KPIs for CEO that are linked to risk management.

## 1.6 Governance tool: Board Time Allocation Checklist

| <b>Board Time Allocation Checklist</b>  |                               |                            |                                    |
|---|-------------------------------|----------------------------|------------------------------------|
| <b>Board Role</b>   | <b>% time currently spent</b> | <b>% time should spend</b> | <b>Recommended Remedial Action</b> |
| Legal<br>(Constitution; Directors responsibilities; legal compliance; insurance)  |                               |                            |                                    |
| Strategy and Policy<br>(Strategic plan monitoring; testing strategic assumptions; approving and monitoring strategic, ethical or compliance policies)                 |                               |                            |                                    |
| Accountability<br>(Board evaluation; succession planning; reporting outcomes to constituents; performance management of CEO; financial monitoring; compliance audits) |                               |                            |                                    |
| Public Relations<br>(Relating programs to Vision statement; feedback to and from constituents; support of Board decisions)  |                               |                            |                                    |
| Risk Management<br>(Risk assessment; monitoring of critical risks; compliance monitoring)   |                               |                            |                                    |
| Reports from Operational Committees/Divisions<br>(Non-governance committees; non-strategic plan related reports; non-compliance issues; non-ethical issues)           |                               |                            |                                    |

## 1.7 Governance tool: Sample Board Charter

### Sample Board Charter

|                            |  |
|----------------------------|--|
| <b>Legal</b>               | Monitor constitution, compliance with directors responsibilities, compliance with laws, monitoring insurance requirements  |
| <b>Strategy and policy</b> | Approve Vision/mission, approve strategic plan and policies and monitor on a regular basis.  |
| <b>Accountability</b>      | Overall performance of the organisation; board evaluation, succession planning, report outcomes to constituents, manage CEO, monitor financials, compliance audits             |
| <b>Public Relations</b>    | Represent and participate; keep members and community informed; project a strong and positive image; promote the vision; facilitate cohesion; protect the interests of members |
| <b>Risk management</b>     | Ensure up-to-date and effective risk profile and management strategy; monitor critical risks   |

## 2 HONORARY TREASURERS JOB DESCRIPTION

### 2.1 Treasurer vs Finance/Audit Committee

Many Not for Profit organisations elect or appoint an individual to the Treasurers position, and that person is responsible for the financial management of the organisation. There are, however, too many examples of where the functions of the Treasurer have been too much for one person, or there have not been the checks and balances on this position, allowing the Treasurer to commit fraud, or just be incompetent.

The responsibilities of the Honorary Treasurer are too much for any one individual. It is more prudent to constitute a Finance/Audit Committee, where there is the Treasurer as Chair, with one or two other Board members on this Committee. The following are two types of Job Descriptions, one for the individual Honorary Treasurer where the Board/Committee of Management do not wish to create a committee, and the other for a Charter for the Finance/Audit Committee

### 2.2 Job Description for Honorary Treasurer

#### **Main Tasks:**

1. On behalf of the organisation to ensure that the organisation's financial obligations are met.
2. In conjunction with the Chair to lead the organisation in ensuring that it fulfils its responsibilities for the governance of the organisation.
3. In conjunction with the Chair to optimise the relationship between the organisation and its staff/volunteers.

## **Main Duties:**

### **1. Ensuring that the organisation's financial obligations are met.**

- To make sure that it operates within the legal and financial guidelines set out in current legislation and its own standing orders.
- To ensure that adequate financial controls are in place and that the organisation operates within a sound framework.
- To ensure all financial dealings are accounted for.
- To ensure that grants and other funds received for specific purposes are appropriately spent.
- To work with and support financial management staff in order to be satisfied that the financial information presented is comprehensive and accurate.
- To identify any additional financial risks facing the organisation (i.e. not identified by the financial management staff) and recommend appropriate action.
- To advise the organisation on the financial implications of its strategy and policy objectives.
- To chair an annual meeting with external auditors (and any other delegated members of the organisation) to discuss the Auditor's report and accounts: to report formally on this to the main organisation.
- To manage the process of appointment of Auditors to the organisation.

### **2. Ensuring organisation fulfils its responsibilities**

- To help the Chair to ensure that the trustees set overall strategy and policy objectives.
- To ensure that the organisation has a satisfactory system for holding in trust for the beneficiaries of the charity any monies or property to ensure that where appropriate monies are invested for the greatest benefit to the organisation within the constraints of the law and ethical investment practices.
- In close consultation with the Chair and Chief Executive to make recommendations on the composition of the organisation and future chairs of the organisation (with a view to succession).
- To work in consultation with the Chair and Chief Executive to recruit trustees and co-optees with specific/relevant expertise.
- To help the Chair ensure that the organisation annually reviews its structure, role, relationship to staff and implements agreed changes as necessary.
- To assist the Chair define and keep under review selection and performance criteria for trustees.
- With the Chair and Chief Executive to ensure that all trustees receive appropriate advice, training and information relating to their role.



### 3. Optimising the relationship between organisation and staff/volunteers

- To work with the Chair to ensure that the organisation has appropriate procedures e.g.
- To comply with current employment and equal opportunities legislation and good practice
- To help advertise, interview and select senior staff
- To receive regular informal progress reports of the organisation's work through the Chief Executive
- To reflect to the organisation any concerns staff have in regard to the role of the organisation, its subcommittees or members: to relate the concerns of the organisation and other constituencies to the Chief Executive
- In consultation with the Chair and Chief Executive to agree and annual calendar of meetings of the trustees.

## 2.3 Charter for Finance and Audit Sub Committee

### **Mandate**

The role of the Finance and Audit Sub Committee should be established and defined by a Board resolution. The detailed terms of reference should be set out in a formal charter which is approved and minuted by the Board, which incorporates:

1. Committee's objectives and responsibilities and the scope of its activities
2. Committee's delegated authority
3. Committee's membership
4. Committee's access to company information
5. Board's monitoring of committee's performance

### **Objectives**

Assist the Board of Directors to discharge its responsibility to exercise due care, diligence and skill in relation to the organisation's:

#### **1. Financial Management**

- Review alignment of Operational Plan and budget to strategy
- Determining cash reserve and working capital requirements
- Reviewing related party transactions

#### **2. Risk Management**

- Protection of the entity's assets
- Approve and monitor a Financial Risk Management policy
- Identify and agree on highest financial risks that have the potential to significantly impact the organisation
- Approve and monitor financial risk treatment strategies
- Establish KPIs for the CEO that reflect the financial risk management role

#### **3. Internal controls**

- Ensuring that the financial systems and processes within the organisation are efficient and effective
- Ensuring that the controls are in place to protect the organisations against loss due to fraud, mismanagement and misrepresentation

#### **4. External audit**

- Facilitating the maintenance of the independence of the external auditor
- Considering the scope and quality of the external audit
- Review services provided by external auditor to the entity and others that may lead to actual or perceived lack of independence
- Be directly responsible for the appointment, compensation, and oversight of the work of the auditor;

#### **5. Compliance**

- Compliance with constitution in relation to financial policy
- Compliance with applicable financial laws, regulations, standards and best practice guidelines
- Application of accounting policies

#### **6. Policies and procedures**

- Ensure appropriate policies and procedures are in place. Specifically Finance Management, Finance Risk Management, Information & Technology
- Developing authority levels for CEO and senior management

#### **7. Reporting**

- Establish financial reporting requirements for Board to monitor achievement against strategic plan
- Agree and monitor key organisational financial ratios
- Agree format , content and timing of Board financial reports
- Reviewing financial reports to regulators requiring board approval
- Improving the quality of internal and external reporting of financial information
- Improving the correlation between related financial and non financial information and reports

#### **8. Communication**

- Providing a formal forum for communication between the board and senior financial management

## **Delegated Authority**

The Finance and Audit Committee is a formally appointed committee of the board of directors and is responsible to the board.

It does not have executive powers or authority to implement actions in areas over which management has responsibility.

It does not have any delegated financial responsibility, nor does it have any management functions.

The committee's role is to report to the board and provide appropriate advice and recommendations on matters relevant to the Charter in order to facilitate decision making by the board.

- establish procedures for the "receipt, retention, and treatment of complaints" received by the Association from members or the general public regarding accounting, internal controls, and auditing; and
- have the authority to engage independent counsel or other advisors as it determines necessary to carry out its duties.

## **Membership**

Numbers - 3 - 5 members

- Composition - Comprised of only Board members (staff members may not serve on the Audit Committee even though they may be members of the Board)
- Independent - not receiving, other than for service on the Board, any consulting, advisory, or other compensatory fee from the Association, and as not being an affiliated person of the Association or any subsidiary or chapter thereof, other than as a member of the Association
- Skilled - at least one who is a financial expert (professional certification, education and/or prior business experience interpreting and analyzing financial statements)
- Ideally should not include Chair or CEO of organisation, or if Chair on committee they should not be Chair of the committee

### **Access to company information**

- Should have right to obtain financial information from any employee and any relevant external party and to institute special investigations
- Right of access to the internal and external auditors and the right to oversee and co-ordinate the internal audit activities with those of the external audit
- Duty to carry out or arrange investigations requested by the Board

### **Monitoring of committee's performance**

The Board should determine the appropriate level of funding to be provided to the Audit Committee to enable it to carry out its duties.

The audit committee needs to be subject to a comprehensive periodic review:

- against the committee's Charter and include surveys of board directors, committee members, internal and external auditors, senior financial and other management, members, regulators and other appropriate parties
- undertake an annual review of terms of reference

### **Meetings**

At a minimum, the Audit Committee shall meet at least quarterly with the senior financial staff and/or CEO to review internally prepared financial reports; and at least once per year with the auditor to review the Auditor's report. A portion of the meeting with the auditor will be in-camera (without staff).

Also should be clearly identified who has the power to call a committee meeting and details of what constitutes a quorum.

# 3 HONORARY TREASURERS LEGAL RESPONSIBILITIES

The Honorary Treasurer is a Director at law, and therefore has all the particular responsibilities and duties of a Director. The Honorary Treasurer should take particular notice of the following issues.

## 3.1 Incorporation

The Associations Incorporation Acts in each state were introduced as a mechanism for providing corporate status to small Not for Profit associations. It was not intended that organisations which earned substantial revenue, or which engaged in substantial business activity, would seek incorporation under such legislation when they could be more appropriately regulated under the Corporations Law. The main difference between incorporating under the Associations Incorporations Act and the Corporations Law is that it is slightly less paperwork with the Associations Incorporations Act, and it can be a little cheaper in terms of compliance costs. It is recommended in most cases that an entity incorporate under the Corporations Law, as this imposes many best practice activities on the entity.

### Associations Incorporation Act

Some of the benefits to be gained from the incorporation of the Association are:

- the ability to sue and be sued in its own name;
- the ability to hold property in its corporate name without the necessity of appointing trustees;
- the ability to enter into contracts in its corporate name; and
- the liabilities of the Association are enforceable against the Association and not against the committee members personally.

Generally the Act applies to any Association that is formed or carried on for any lawful object or purpose but not for pecuniary gain to its members. It can engage in business as long as it is not the principle purpose but if it does so, such business dealings must be subsidiary in number or value to the other activities. The Act provides for certain circumstances where an Association will not be held to have been formed or carried on for the purpose of pecuniary gain to its members.

Record-keeping and accounting requirements have been strengthened for all incorporated associations.

**These requirements are:**

- the second and any subsequent annual general meeting must be held within 5 months after the end of the financial year of the incorporated association;
- an incorporated association must maintain adequate and accurate accounting records of its financial transactions;
- the financial statements submitted at the annual general meeting must give a true and fair view of the financial position of the incorporated association during and at the end of its last financial year;
- the financial statement submitted at the annual general meeting must disclose particulars of any trust, held on behalf of the incorporated association, in which funds or assets of the incorporated association are placed, and a copy of the trust deed must be available to members for inspection.

Additional requirements apply for “prescribed associations”

**A “prescribed association” means an incorporated association that has gross receipts in its previous financial year in excess of \$200,000 or gross assets in excess of \$500,000.**

- A “prescribed association” must have its accounts audited. The auditor may be a registered company auditor, a person who is a member of CPA Australia or the Institute of Chartered Accountants in Australia or any other person who is approved by the Registrar.
- A “prescribed association” must keep all accounting records for a period of seven years.
- A “prescribed association” must prepare its accounts in accordance with specified Australian Accounting Standards.

Currently under the Associations Incorporation Act the officers and members of the Association are not liable to contribute towards the payment of its debts or liabilities of the Association or the costs and expenses if the Association was wound up. This provides protection provided that the members and officers act with reasonable care and comply with the provisions of the Constitution and the Act. However, there are circumstances where personal liability may lie with a member or officer.

1. An Incorporated Association comes within the definition of a "Part 5.7 Body" under section 9 of the Corporations Law. The Act makes a committee of management subject to the insolvent trading provisions of the Corporations Law and accordingly committee members of associations may risk personal liability in the event of trading while insolvent.
2. While a member officer may have protection in his or her capacity as a member, that same person may be directly involved in an event which causes personal liability. If the member is sued as an individual rather than in the capacity as a member, an individual cannot claim the protection of the corporate veil.
3. An officer of an association comes under Corporations Law and Common Law directors duties of Care, Loyalty and Obedience.

If the Association operates outside of Victorian boundaries, in some circumstances it may qualify as an Australian registered foreign body under the Corporations Law. The test is whether it is carrying on business in another State. A cautious association carrying on activities interstate should be registered as a "foreign company" in each other State or Territory in which it carries on its activities. There are certain reporting requirements and substantial fees that flow from such registration.

## **Corporations Law**

A company limited by guarantee is a common corporate structure utilised by Not for Profit associations. Anyone who becomes a member of such a company must undertake in the event of the company's liquidation where assets prove insufficient to meet its liabilities, that they will contribute a usually nominal amount of say \$10 towards meeting the shortfall. This liability continues for one year after membership ceases.

A company limited by guarantee has no share capital. Although a company limited by guarantee may allow free entry to membership, the absence of shares makes it an unwieldy vehicle for business ventures. The guarantee cannot be changed once set. The company limited by guarantee is most often used as a non-profit trading vehicle, an alternative to its members forming an association incorporated under the Association Incorporation Act.

The following are reasons why the Association may wish to incorporate as a Company limited by guarantee under the Corporations Act 2001.

1. A company has all the benefits of incorporation as gained under the Associations Incorporation Act.
2. The recognition as a company that can generate activity nation wide.
3. If the Association considers that there is an element of public stewardship in the Association which is protected and promoted through compliance with the rigorous regime of the Corporations Law eg. reporting requirements in relation to audits.
4. If there are any trading activities of the Association which might breach the Association Incorporation Act.

A disadvantage of a company limited by guarantee is that as a public company it must have at least five members and three directors at all times. It is also subjected to a higher degree of regulation. In particular its accounts are required to be audited annually. In practice, however there are usually no adverse consequences of public company status..

Some companies limited by guarantee have obtained special dispensation from the Australian Securities and Investment Commission which allows them to omit "Ltd" from their name. This is on certain conditions ie. upon the winding up of Association the surplus assets will be distributed to a like organisation and that profits will not be distributed amongst its members.

The procedure for migration from the Incorporated Associations registration to the Corporations Law is by way of application to the Australian Securities and Investment Commission. The rules of Association can be incorporated into the Constitution which will be required if Association becomes a company limited by guarantee.

The fees payable to the Australian Securities and Investment Commission in connection with registration of a company limited by guarantee is approximately \$360. Annual returns for companies are required and there are fees associated with their lodgement.

## 3.2 The Constitution

It is very wise to review the Constitution of your organisation at least every two or three years, to ensure that it reflects the business practices of your organisation, and that you are complying with what is specified in the Constitution. If any of these elements are not in synch, then either your practices need to be modified, or the constitution changed. The following is a clause from an existing entity.

### **32. Funds**

- (1) The Treasurer of the Association must—
  - (a) collect and receive all moneys due to the Association and make all payments authorised by the Association; and
  - (b) keep correct accounts and books showing the financial affairs of the Association with full details of all receipts and expenditure connected with the activities of the Association.
- (2) All cheques, drafts, bills of exchange, promissory notes and other negotiable instruments must be signed by two members of the committee.
- (3) The funds of the Association shall be derived from entrance fees, annual subscriptions, donations and such other sources as the committee determines
- (4) The funds of the association shall not be invested in shares or property

**The issues that arise from this simple example are:**

1. Does the Treasurer in fact collect and receive the money, or does the bookkeeper or other staff do this? If the Treasurer does not, then change constitution to read that the Treasurer “shall cause to be collected and received..”
2. Are all cheques etc signed by two members of the committee, or does a staff member do this.
3. What happens if they invest money in a managed trust, or decide to buy their own premises? This can present enormous problems, and potentially leave all Directors at risk.

## Compliance Schedule Sample

| <b>2004 Legal &amp; Fiduciary Responsibilities</b> |           |           |           |           |           |           |        |
|--|-----------|-----------|-----------|-----------|-----------|-----------|--------|
| Task   | Jan-04    | Feb-04    | Mar-04    | Apr-04    | May-04    | Jun-04    | Dec-04 |
|  | Due       | Due       | Due       | Due       | Due       | Due       | Due    |
| BAS Return December 03                             | 1/22/2004 |           |           |           |           |           |        |
| BAS Return January 04                              |           | 2/22/2004 |           |           |           |           |        |
| BAS Return February 04                             |           |           | 3/22/2004 |           |           |           |        |
| BAS Return March 04                                |           |           |           | 4/28/2004 |           |           |        |
| BAS Return April 04                                |           |           |           |           | 5/22/2004 |           |        |
| BAS Return May 04                                  |           |           |           |           |           | 6/22/2004 |        |
| BAS Return June 04                                 |           |           |           |           |           |           |        |
| FBT Tax  |           |           |           |           | 5/21/2004 |           |        |
| PAYG Group Certificates                            |           |           |           |           |           |           |        |
| PAYG Reconciliation Lodgement                      |           |           |           |           |           |           |        |
| Payroll tax returns December 03                    | 1/7/2004  |           |           |           |           |           |        |
| Payroll tax returns January 04                     |           | 2/7/2004  |           |           |           |           |        |
| Payroll tax returns February 04                    |           |           | 3/7/2004  |           |           |           |        |
| Payroll tax returns March 04                       |           |           |           | 4/7/2004  |           |           |        |
| Payroll tax returns April 04                       |           |           |           |           | 5/7/2004  |           |        |
| Payroll tax returns May 04                         |           |           |           |           |           | 6/7/2004  |        |
| Payroll tax returns June 04                        |           |           |           |           |           |           |        |
| Super December 03                                  | 1/1/2004  |           |           |           |           |           |        |
| Super January 04                                   | 1/31/2004 |           |           |           |           |           |        |
| Super February 04                                  |           | 2/29/2004 |           |           |           |           |        |
| Super March 04                                     |           |           | 3/31/2004 |           |           |           |        |
| Super April 04                                     |           |           |           | 4/30/2004 |           |           |        |
| Super May 04                                       |           |           |           |           | 5/31/2004 |           |        |
| Super June 04                                      |           |           |           |           |           | 6/30/2004 |        |
| FBT Return   |           |           |           | 4/28/2004 |           |           |        |

|  |  |  |  |            |           |           |           |
|--|--|--|--|------------|-----------|-----------|-----------|
| Pre audit meeting                                |  |  |  | Late April |           |           |           |
| Audit  |  |  |  |            |           |           |           |
| Final audit report                               |  |  |  |            |           |           |           |
| Lodgement Not For Profit Report                  |  |  |  |            |           |           |           |
| CGU workers insurance VIC                        |  |  |  |            |           | 6/30/2004 |           |
| Insurance Professional Indemnity                 |  |  |  |            | 5/24/2004 |           |           |
| Insurance officepack/public liability            |  |  |  |            |           |           |           |
| AGM Notice                                       |  |  |  |            |           |           |           |
| Board Election Notices                           |  |  |  |            |           |           |           |
| <i>Call for nominations</i>                      |  |  |  |            |           |           |           |
| <i>Closing Date For Nominations</i>              |  |  |  |            |           |           |           |
| <i>Ballot papers Included in Otober B&amp;FS</i> |  |  |  |            |           |           | 10/1/2004 |
| <i>Closing Date For Ballot Papers</i>            |  |  |  |            |           |           |           |

# 4 FINANCIAL POLICIES

## 4.1 FINANCE POLICY

### General Policy

The Finance Policy has been promulgated to reduce the possibility of fraud in the XXX. It is the responsibility of all staff members to prevent fraud.

### Accounts Payable

The following guidelines will reduce the possibility of accounts payable fraud.

- Payment of invoices to be made against original invoice or cheque request
- Where applicable invoices should be check against orders.
- Payment should not be made until goods have been delivered and checked for condition. The invoice should then be signed off for payment.
- Cheque signatories to be verified by verifying officers before approval granted
- All cheques to be signed off by two signatories and invoice initialled upon signing.
- Each Region to have a maximum of four signatories.
- Cheque stationery to be stored securely.

### Accounts Receivable

The following guidelines will reduce the possibility of accounts receivable fraud.

- All invoices to be numbered and accounted for.
- All monies (cheques/cash) to be receipted.
- All monies to be securely stored at all times.

### Banking & Investment

The policy in relation to banking and investment is documented in the XXXX rules point 26

*All moneys shall be banked in the name of the Institute in such bank or banks as the Board of Management may appoint.*

*Except, as provided elsewhere in this Rule, cheques, bills of exchange and other instruments drawn on the bank account or accounts of the Institute shall be signed by person or persons as authorised by the Board of Management. Cheques, bills of exchange and other instruments payable to the Institute may be endorsed on behalf of the Institute by any person or persons as the Board of Management may authorise*

## 4.2 Fixed Asset Policy

### **DEFINITION**

#### **FIXED ASSET**

A fixed asset of an entity is one that would in the normal course of operations of the entity be consumed over its limited useful life. This life is greater than twelve months.

#### **USEFUL LIFE**

The estimated period of time over which a depreciable asset is expected to be able to be used: or the benefits represented by the asset are expected to be able to be derived.

#### **CAPITAL BUDGET**

Risk: Mistiming of forecast of when to invest in capital assets

The capital budget is the primary tool for management to exercise control over expenditure on capital assets. The capital budget must receive Board of Management approval which is the key authorisation for that expenditure. Capital budgets should be prepared in the context of the long term objectives of the A.I.B.F. as set out in the Strategic Plan. When preparing the budget technological procedural inefficiencies, current and projected maintenance requirements and environmental requirements (ie disposal of printing cartridges) should be considered.

Individual capital expenditure should be given priorities to enable decisions to be made on discretionary expenditure as opposed to essential expenditure.

### **PROCUREMENT OF FIXED ASSETS**

Risk: Unauthorised or unplanned acquisitions

Ineffective/inefficient sourcing of fixed assets

Before any capital purchase is confirmed (#2) two quotes must be obtained.

In deciding the successful quote consideration should be given to:

- Price,
- Lead time,
- Reputation of provider,
- Warranty,
- After sales service,
- Trade in and
- Available funding for the asset.

Where the actual amount differs from budget by more than 5%, Board of Management approval must be sought.

Invoices will not be paid until confirmation of receipt of the capital item and appropriate testing of the asset has been completed to ensure it is in working order.

## **SECURITY OF FIXED ASSETS**

Risk: Theft, damage, unauthorised use

Physical injury leading to lost time

The fixed assets of the A.I.B.F. should be segregated so that access to them can be controlled. This is conducted by ensuring restricted access to office buildings which will prevent theft, damage or unauthorised use.

Where applicable A.I.B.F. assets should be stored and marked in such away as to minimise the risk of accidents and injury to A.I.B.F. staff. This is primarily with mechanical assets ie.. motor vehicles, paper shredders

The insurance program of the A.I.B.F. must be considered when new assets are purchased or assets are sold. This is to ensure the policy cover is effective and efficient. Assets subject to insurance should be easily identified ie.. photograph or copies of invoice.

## **RECONCILIATION OF FIXED ASSETS**

The reconciliation of the fixed asset register to the financial records is the main method which management uses to confirm that all fixed asset transactions have been reflected in the financial records of the A.I.B.F. Reconciliation between the books and the financial records of the A.I.I.B.F. should be done on a monthly basis. Reconciliation items should be cleared within one month.

### **Tagging/numbering of fixed assets.**

Tagging fixed assets with a unique identifier enables management to monitor each asset and facilitates the tracking of the asset. The tagging of assets will enable ease of identification and to enable routine fixed asset counts to take place. The physical record of assets should include make, model and serial number where available.

### **Example of tag used by A.I.B.F.**

Australian Institute of Banking & Finance

Level 19, 385 Bourke St. Melbourne

Asset Register No. 142

## MAINTENANCE OF FIXED ASSETS

### Risk:

- Loss of service potential
- Increased cost of maintenance
- Disruption due to unplanned maintenance
- Unacceptable quality of output
- Wastage of inputs

Maintenance on assets should be monitored to ensure that assets condition is not effecting performance or health and safety requirements. Inadequate maintenance of assets may lead to reduced output, quality, and excessive levels of wastage ie.. photocopier low maintenance may cause additional paper jams, streaky copies and reduced output due to stoppages. The monitoring of asset maintenance can be reviewed by comparing actual versus budget expenditure and maintaining service cards on appropriate assets. Increased maintenance costs may be a signal to review the replacement of the asset (*see capital budget*)

## RETIRING FIXED ASSETS

### Risk:

- Untimely/unplanned scrapping
- Uncontrolled scrapping / proceeds of scrapping

The retirement of fixed assets should be based on the operating life of each asset. Consideration on whether an asset should be disposed should include current and future maintenance expenditure, health and safety requirements, level and quality of production and replacement technology. The retirement of assets should also be budgeted in the annual operating budget.

Two quotes should be obtained for all disposals.

## ACCOUNTING FOR FIXED ASSETS

### Risk:

- Failure to identify capital expenditure
- Inappropriate utilisation of assets
- Recording of inappropriate costs
- Incorrect selection of depreciation life
- Inappropriate use of revaluations
- Failure to write down to recoverable amounts
- Failure to date and or appropriately record disposals
- Failure to provide appropriate comparisons to budget
- Failure to maintain flexible and accurate fixed asset register

### CAPITALISATION THRESHOLD \$300

Only assets costing \$300 or more will be classified as fixed assets in the balance sheet. This threshold is in line with Australian Taxation Office guidelines. Assets purchased under \$300 will be expensed during the year of purchase. They should still be recorded in the asset register to assist management keep control of assets.

### SOFTWARE EXPENDITURE

Software development expenditure and purchase of shelf software is to be expensed in the period that it is incurred. This is due to the uncertainty of the period of time over which benefits from those expenditure will be available.

### DEPRECIATION BEGIN DATE

Depreciation shall begin on the first of a month. The month in which the depreciable asset will begin depreciation will be decided on its purchase date. If the asset is purchased on or before the 15<sup>th</sup> the asset will start depreciation from the first of that month, if the asset is purchased after the 15<sup>th</sup> the asset will begin depreciation on the 1<sup>st</sup> of the following month.

Example:

#### **Purchase: Printer \$3,500**

Date purchased 12<sup>th</sup> November

Depreciation commences 1<sup>st</sup> November

Purchase: Furniture \$1,000

Date Purchased 21<sup>st</sup> March

Depreciation commences 1<sup>st</sup> April

## COST OF AN ASSET

The cost of an asset will include the purchase price and any cost associated with bringing the assets into operation i.e., courier, set up.

Depreciable assets should be carried in the accounting records at the original net acquisition cost less depreciation. Where the fixed assets in a particular class of assets have been subject to a formal valuation, then the valuation amount should be used. Where recoverable amount is less than carrying value, then the asset should be written down to recoverable amount.

Non-depreciable assets (eg land) should be carried in the accounting records at valuation amount, which prior to the first formal valuation would be cost.

Assets subject to valuations (land and works of art) are to be revalued every four years. The valuation on works of art will be used as the basis for insurance policies.

The useful life of a fixed asset is the period over which the A.I.B.F. can reasonably expect to derive economic benefit from the asset. The depreciation method and rate is derived from the useful life of the asset. Depreciation methods and rates used by the A.I.B.F. are tabled below:

### DEPRECIATION METHOD/RATES

| Asset Class       | Depreciation Method | Depreciation Rate % |
|-------------------|---------------------|---------------------|
| MELBOURNE         |                     |                     |
| Furniture         | SL                  | 10                  |
| Fittings          | SL                  | 10                  |
| Computers         | SL                  | 20                  |
| Typewriter        | SL                  | 14.33               |
| Photocopier       | SL                  | 20                  |
| Telephone         | SL                  | 20                  |
| Camera            | SL                  | 20                  |
| Video Tape        | SL                  | 33.33               |
| Franking Machine  | SL                  | 20                  |
| Dicaphone         | SL                  | 20                  |
| Facsimile Machine | SL                  | 20                  |
| Library Books     | RV                  | 20                  |
| BRISBANE          |                     |                     |
| Answering Machine | SL                  | 10                  |
| Computers         | SL                  | 20                  |

## SYDNEY

|                   |    |    |
|-------------------|----|----|
| Computers         | SL | 20 |
| Typewriter        | SL | 10 |
| Photocopier       | SL | 10 |
| Facsimile Machine | SL | 10 |
| Telephone         | SL | 10 |
| Library Books     | RV | 20 |

SL - Straight line depreciation

RV - Reducing Value depreciation

The fixed asset register or a subsidiary ledger should maintain the following detail:

- Identity number
- Asset description
- Purchased date
- Supplier
- Invoice number
- Cheque number
- Cost
- Accumulated depreciation
- Depreciation life
- Depreciation method/rate
- Location
- Account number
- Make
- Model
- Serial number
- Disposal date
- Sold to
- Sale price

### 4.3 Purchase of goods and services Policy

The arrangements, to be followed by the Committee of Management, Sub Committees and Officers, in respect of purchasing goods and services for the organisation is as follows:

1. For Purchases with a nominal value of less than \$500  
That value for money is achieved
2. For Purchases with a nominal value of between \$500 and \$5,000  
THAT TWO VERBAL QUOTES BE OBTAINED
3. For Purchases with a nominal value of between \$5,000 and \$20,000  
That no less than two written quotes are obtained.

At the discretion of the authorised party, a tender document may be prepared and is either publicly advertised or offered to at least three selected providers of that good or service.

Acceptance would be by the Executive in accordance with delegation policies.

Where, in the opinion of the Chief Executive Officer, Executive or Committee of Management, there is only one party that is appropriate and able to provide the required good or service, the requirements of this section of the Policy may be overridden. Such action would require Committee of Management endorsement if not initiated by the Committee of Management itself.

4. For Tenders with a nominal value in excess of \$20,000

That a written tender document is prepared and publicly advertised.

Committee of Management approval for acceptance of the tender would be required.

However, where in the opinion of either the Executive or Committee of Management, there is only one party that is appropriate and able to provide the required good or service, the Executive or the Committee of Management may override the requirements of this section of the Policy. Such action would require a Committee of Management resolution (or Committee of Management endorsement if initiated by the Executive).

## FINANCIAL CONTROL ARRANGEMENTS

### **Purpose**

To present a consolidated set of arrangements that provides guidance for the financial control of funds.

Delegated authority to act as the Remuneration Committee for the purposes of the Chief Executive Officer.

### **Receipting**

All funds received (except those received electronically) shall be recorded in a receipt book and banked expeditiously.

Funds (including those received electronically) will be allocated to a project account when the monthly bank reconciliation is undertaken.

### **Payments**

Prior to the issue of a cheque, a payment voucher will be prepared, detailing the payee, reason for the payment, and will be accompanied by a Tax Invoice or other appropriate evidentiary documentation.

The cheque (and any other instruments, such as direct debits) will be signed in accordance with Rules of Association.

The Committee of Management will approve specific Members to be cheque signatories; this will be re-affirmed at each AGM.

### **Reporting**

Financial reports will be prepared and presented at each Committee of Management meeting.

## **Invoicing**

Invoices will be prepared as required by the Chief Executive Officer.

## **Audits**

Audits, whether project or end of financial year, will be undertaken by an independent auditor approved by the Committee of Management.

Audits will be undertaken as soon as is practicable to the completion of a project or period of time.

## **Opening of Business Accounts**

The Chief Executive Officer is authorised to open the usual range of business trading accounts on behalf of the organisation with materials and utilities suppliers as is required for the efficient operation of the office.

## **Organisation Credit Card**

The Chief Executive Officer is authorised to organize a credit card for the organisation, with a monthly credit limit of \$5000 and with the Chief Executive Officer as signatory.

The credit card is for purchase of goods and services within the Chief Executive Officer's delegation, as well as for the purchase of goods and services within delegation

Credit card statements will be signed off by the Treasurer

## 4.4 Reimbursable Expenses for Committee of Management Members Policy

The basis of the policy is that it should be transparent, fair and reasonable, and reflect the professionalism of the Committee of Management members.

The policy also acknowledges that COM members involved in Sub committees and other entity activities may be entitled to be reimbursed for out of pocket expenses incurred whilst undertaking authorised entity related activities.

Committee of Management Members and non Committee of Management members may be entitled to receive reimbursement for reasonable out of pocket expenses incurred in the execution of authorised related duties, at the discretion of the Executive Committee.

In relation to travel expenses, if a privately owned car is used and a member of the Committee of Management, Sub Committee or Sub committee requires travel costs to enable participation in related activities, travel expenses will be paid at a rate of 50c per kilometre.

In the case of a business vehicle, travel expenses will not be paid to the company or organisation unless a particular case is put to the Administration Sub committee and approved prior to travel and claim.

## 4.5 RETAINED MEMBERS EARNINGS POLICY

The entity should endeavor to establish and maintain retained member earnings to enable management of the following risks:

### **Scenario 1 – Short Term Deficit Risk: Downturn of membership – 1 year timeframe**

Additional 10% drop, all other income & expenditure as per budget (see Assumption 2)  
**Net loss to be covered \$(83,894)**

### **Scenario 2 – Long Term Deficit Risk: Downturn of membership – 3 years timeframe**

Membership drops 10% three consecutive years (see Assumption 3)  
**Net loss to be covered \$(606,869)**

### **Scenario 3 - Acquisition, merger of similar association Risk**

It is assumed that an acquisition of a like association would require additional net operating expenditure in line with that of the New Zealand merger, ie a total of \$200,000 over a two year period. **Net loss to be covered \$(200,000)**

### **Scenario 4 – Major Project Development Opportunity**

A pool of funds should be available for development of major projects (for example the Induction Programme) **Net loss to be covered \$(180,000)**

### **Summary**

|                                     |                         |
|-------------------------------------|-------------------------|
| <b>1. Short term deficit</b>        | <b>(\$83,894)</b>       |
| <b>2. Long term deficit</b>         | <b>(\$606,869)</b>      |
| <b>3. Acquisition</b>               | <b>(\$200,000)</b>      |
| <b>4. Major Project</b>             | <b>(\$180,000)</b>      |
| <b>Total target Member Earnings</b> |                         |
| <b>(sum of 2,3 &amp;4)</b>          | <b><u>\$987,000</u></b> |

It is recommended that the policy on retained member earnings set a target of \$987,000 to be established and maintained.

**Assumption 1:**

Current 2004/2005 budget utilised as base:

|                    |           |
|--------------------|-----------|
|                    | \$        |
| Income             | 1,534,181 |
| Expenditure        | 1,513,767 |
| Net profit         | 20,414    |
| <b>Plus</b>        |           |
| Annual conference  | 20,000    |
| <br>               |           |
| Base Annual Profit | 40,414    |

**Assumption 2:**

Impact on income - down \$124,308

1,151 members, average subscription \$108

|                           |                         |
|---------------------------|-------------------------|
| Membership                | 11,506 (financial only) |
| New members               | 1,926                   |
| Non renewal 25%           | (2,877)                 |
| Membership 30/6/05        | 10,555                  |
| Net Profit/(Loss)         | \$40,414 (Assumption 1) |
| Revised Net Profit/(Loss) | (\$83,894)              |

Assumption 3:

**Non renewal 25%**

**New members based 1,000 (conservative) in years 2 & 3**

|                      | <b>Projected</b>     | <b>Membership</b>  |
|----------------------|----------------------|--------------------|
|                      | <b>Profit/(Loss)</b> | <b>at year end</b> |
| <b>Year 1</b>        | <b>(\$83,894)</b>    | <b>10,555</b>      |
| <b>Year 2</b>        | <b>(\$201,509)</b>   | <b>8,916</b>       |
| <b>Year 3</b>        | <b>(\$321,466)</b>   | <b>7,687</b>       |
| <b>Total deficit</b> | <b>\$606,869</b>     |                    |

Note:

**With the possibility of a short term membership crisis and an acquisition occurring at the same time a minimum retained equity of \$283,000 available at short notice should be maintained.**

**Current retained equity as at 30 June 2004 was \$388,754 with a projected retained equity as at 30 June 2005 of \$1,167,448**

# 5 INTERNAL CONTROLS

## 5.1 Internal Controls checklist

Internal controls are methods and procedures that your organisation can adopt to:

- Safeguard assets
- Ensure compliance with all legal, financial and operational requirements
- Ensure financial information is accurate and timely
- Prevent and detect fraud and error
- Reduce exposure to risks
- Protect the reputation of the organisation and the individuals involved

| Control  | Existing (Y/N) and describe | Further Action | Date to be completed |
|--|-----------------------------|----------------|----------------------|
| <p><b>Sales</b><br/>           Check sales figures from individual source- such as invoices<br/>           Make sure goods are sent COD or with a tax invoice and evidence of delivery</p>   |                             |                |                      |
| <p><b>Accounts receivable</b><br/>           Ensure credit and collection policies are in writing<br/>           Ensure credit purchases are recorded as soon as they occur<br/>           Separate accounts receivable function from cash receipting<br/>           Strict policy on follow up of overdue accounts<br/>           Reconcile trial balances with general ledger control accounts</p>   |                             |                |                      |
| <p><b>Cash and Bank accounts</b><br/>           Never leave cheque books or blank cheques lying around<br/>           Review cheques, cheque register, and bank totals regularly but not at predictable intervals<br/>           Reconcile bank accounts regularly<br/>           Separate mail opening from writing deposit slips, and banking from bank statement reconciliation<br/>           Separate responsibility for cash disbursement and purchases from the</p> |                             |                |                      |

|  |  |  |  |
|--|--|--|--|
| <p>approval process<br/>         Ensure the accountant does not forewarn staff before coming on premises to conduct an audit</p>   |  |  |  |
| <p><b>Purchases and accounts payable</b><br/>         Ensure payments are on original invoices only, not copies or faxes (otherwise may be paid twice)<br/>         After payment is made, stamp or perforate original invoice to prevent reuse<br/>         Develop exception report so payables over a certain amount are brought to your attention, and where limits are set<br/>         Check invoices with only a post-office address<br/>         Check invoices with company names consisting only of initials</p> |  |  |  |
| <p><b>Non current assets</b><br/>         Laptops and data projectors are locked to a desk<br/>         All assets recorded on an asset register, and review regularly<br/>         Ensure same person is not responsible for ordering, recording and paying for purchases</p>   |  |  |  |
| <p><b>Payroll</b><br/>         If electronic payroll is used, ensure supervisor changes passwords regularly<br/>         Ensure any payroll summaries are in the same typeface as the systems printer to avoid fraud<br/>         Review bank account deposits to ensure that each pay goes to a different bank account<br/>         Maintain complete payroll records for holiday and sick leave<br/>         Use direct deposits for pays<br/>         Ensure that more than one person can process payroll</p>          |  |  |  |

## 5.2 Segregation of Duties

Segregation of duties means that no financial transaction is handled by only one person from beginning to end. For cash disbursements, this might mean that different people authorize payments, sign checks, record payments in the books, and reconcile the bank statements. If your organization is a small nonprofit, managed by volunteers and possibly one staff person, this principle can be hard to put into practice. You might consider having one person, such as the paid staff member, sign checks and assign a different person, such as the treasurer, to review disbursements, bank statements, and canceled checks on a monthly basis.

### **Authorization and Processing of Disbursements**

You will want to develop policies regarding who in your organization can authorize payments. Some organizations designate this function solely to the executive director to ensure that a single person is paying attention to monies going out of the organization. In other cases, a department head might authorize purchases for that department, as long as they are within the department's budget. In most organizations, once the board approves the budget, it does not need to authorize individual purchases within that budget. However, unbudgeted purchases would require additional approval. Also, in very small organizations, the board treasurer or board president may be asked to authorize all purchases. Even larger organizations have policies requiring the board to authorize significant expenditures, such as purchases for computers or other assets. It is important to agree and formally define what constitutes a significant expenditure and how these purchases will be handled.

All disbursements should be accompanied by adequate documentation, in the form of receipts or an invoice. Cash withdrawals should never be made via Automatic Teller Machine (ATM) cards.

## **Managing Restricted Funds**

Restricted contributions are a form of revenue unique to the nonprofit sector. Money which has been restricted by the donor for a specific use (such as buying a new building, starting a new program, building an endowment, etc.) should only be used for the purpose for which it has been given. However, most nonprofits find themselves tempted to borrow against restricted monies when facing a cash shortage. In cases where the funder clearly prohibits such borrowing, such action clearly violates the funder's trust and instructions and may lead to revocation of the grant. In other cases, donors allow temporary borrowing as long as the money is replaced within a certain period of time, usually within the grant year.

Ultimately, it is the role of the board to ensure that the organization fulfills its obligations to donors. Therefore, in cases where borrowing against restricted funds is permitted, the board should establish policies which describe the circumstances under which such borrowing is allowed. These policies might include how often borrowing may occur, who may authorize the interfund loan, and how much can be borrowed (such as a percentage of the total grant). In addition, a repayment plan should be established and the board should be advised regularly on the status of any interfund loans.

## Check Signing

There is some debate regarding the number of signatures required on a check. In many cases, it is useful to require two signatures on checks, especially for purchases over a certain amount. This amount will vary with the organization's budget; your accountant may be able to help you determine how much is significant. Even though checks require two signatures, three or four people might have check signing authority to ensure that two signers are available to make disbursements. The number of authorized signers should be kept to a minimum, while ensuring that daily business is not unnecessarily hampered.

The purpose of this internal control is to make sure that there are deliberate decisions made about who to pay, how much to pay, and when to pay bills. If you habitually have one or more checks that are pre-signed by one of the two required signatories, it defeats that purpose. If more than one signer is not regularly available, and this inhibits your ability to meet your obligations, you might consider having an *imprest* checking account. This means that the board establishes a policy regarding the amount of money which can be available in the checking account at any one time, say \$500. All other money is kept in a separate account which the check signer does not have access to. The check signer is allowed to pay bills until that amount is substantially depleted. At that time, the treasurer or other board members may review the disbursements and make sure that they are within the guidelines established by the board. Once these disbursements have been reviewed and accepted, the authorized board representative then transfers enough money to bring the imprest account back to its \$500 maximum balance.

Seek to balance your internal accounting control in such a way as to ensure public confidence and maintain the integrity of your financial systems and assets, without unduly inhibiting your ability to get on with your work.

### 5.3 Internal Accounting Controls Checklist

The following questions reflect common internal accounting controls related to paying bills. You may wish to use this list to review your own internal accounting controls and determine which areas require further action

| Segregation Best Practice   | Existing (Y/N) and describe | Further Action | Person responsible | Date to be completed |
|---|-----------------------------|----------------|--------------------|----------------------|
| Are all disbursements, except those from petty cash, made by pre-numbered checks?   |                             |                |                    |                      |
| Are voided checks preserved and filed after appropriate mutilation?   |                             |                |                    |                      |
| Is there a written prohibition against drawing checks payable to Cash ?   |                             |                |                    |                      |
| Is there a written prohibition against signing checks in advance?   |                             |                |                    |                      |
| Is a cash disbursement voucher prepared for each invoice or request for reimbursement that details the date of check, check number, payee, amount of check, description of expense account (and restricted fund) to be charged, authorization signature, and accompanying receipts? |                             |                |                    |                      |
| Are all expenditures approved in advance by authorized persons?   |                             |                |                    |                      |
| Are signed checks mailed promptly?  |                             |                |                    |                      |
| Does the check signer review the cash disbursement voucher for the proper approved authorization and supporting documentation of expenses?  |                             |                |                    |                      |
| Are invoices marked Paid with the date and amount of the check?   |                             |                |                    |                      |
| Are requests for reimbursement and other invoices checked for mathematical accuracy and reasonableness before approval?   |                             |                |                    |                      |
| Is a cash disbursement journal prepared monthly that details the date of check, check number, payee, amount of check, and columnar description of expense account (and restricted fund) to be   |                             |                |                    |                      |

|  |  |  |  |  |
|--|--|--|--|--|
| charged?   |  |  |  |  |
| Is check-signing authority vested in persons at appropriately high levels in the organization?   |  |  |  |  |
| Are the number of authorized signatures limited to the minimum practical number?   |  |  |  |  |
| Do larger checks require two signatures?   |  |  |  |  |
| Are bank statements and canceled checks received and reconciled by a person independent of the authorization and check signing function?   |  |  |  |  |
| Are unpaid invoices maintained in an unpaid invoice file?  |  |  |  |  |
| Is a list of unpaid invoices regularly prepared and periodically reviewed?   |  |  |  |  |
| Are invoices from unfamiliar or unusual vendors reviewed and approved for payment by authorized personnel who are independent of the invoice processing function?                |  |  |  |  |
| If the organization keeps an accounts payable register, are payments promptly recorded in the register to avoid double payment?  |  |  |  |  |
| If purchase orders are used, are all purchase transactions used with pre-numbered purchase orders?   |  |  |  |  |
| Are advance payments to vendors and/or employees recorded as receivables and controlled in a manner which assures that they will be offset against invoices or expense vouchers? |  |  |  |  |
| Are employees required to submit expense reports for all travel related expenses on a timely basis?  |  |  |  |  |

#### 5.4 Hints to ensure robust internal controls in a small office or with no staff

- Any reimbursement to Chief Executive or Treasurer is reviewed by a Board member
- Contract with a local CPA or Chartered Accountant to provide an on-site bank account reconciliation and spot check data entries on a quarterly basis

## 6 USING ACCOUNTANTS

**It is very prudent to consider using accountants on a regular basis (at least 6 monthly), as they can add true value to your Not for Profit. Use the following as a checklist for issues to discuss with your accountant**

- Prepare periodic financial statements and annual audit reports.
- Assist you in analysing your financial statements, looking for problems or opportunities for improvement.
- Determine working capital and cash flow requirements.
- Help you develop a budget and setup system for your monthly review of budget vs actual results.
- Prepare tax returns and assist with tax planning.
- Establish tax calendar for you and set up system to help you comply with the myriad filing requirements.
- Help set up your accounting systems, including computer based systems.
- Assist with determining loan or capital requirements.
- Act as your advisor in financial and administrative matters.
- Perform operational reviews and help you find ways to run more efficiently.
- Determine product and customer profitability analysis and breakeven analysis.
- Review your internal control system

## 7 CASH FLOW

There are many techniques available for helping you to improve your cash flow. Some of these techniques are:

1. Sell for cash or credit card rather than on terms if your industry practices permit.
2. If you do sell on terms, establish good credit policies
3. Bill promptly and before customer check-writing cut-off.
4. "Age" accounts receivable monthly.
5. Use aggressive collection techniques.
6. Add late charges and fees when possible.
7. Tighten customer credit requirements.
8. Pay bills only on due date (or later if possible) unless there is a discount for early payment.
9. Regulate payments to your suppliers to your advantage (spread out during the month).
10. Reduce your inventory to the most necessary items.
11. Dump slow moving items at cost.
12. Lease instead of purchase equipment.
13. Pay no more estimated taxes than necessary.
14. Make bank deposits promptly. Never leave customers' checks in a desk drawer. Not only will you be losing potential interest, it might even be unsafe.
15. Work your cash. Put excess balances into interest bearing accounts whenever feasible (consider your short-term cash needs).
16. Purchase equipment, supplies, and inventory wisely.
17. Consider prudent borrowing.
18. Increase sales.
19. Increase prices.

# 8 REPORTING

## 8.1 Basic Report

### Statement of Financial Performance for XYZ for period ending 30/6/04 (old 'Profit and Loss Statement')

|                         |     |             |
|-------------------------|-----|-------------|
| <b>Revenue</b>          |     | \$'000      |
| Membership fees         |     | 800         |
| Subscriptions           |     | 390         |
| Donations               |     | 300         |
| Investment income       |     | 50          |
| <b>Total revenue</b>    |     | <b>1540</b> |
| <br>                    |     |             |
| <b>Expenses</b>         |     |             |
| Employee labour costs   |     | 700         |
| Marketing & advertising | 100 |             |
| Publications            |     | 150         |
| Building costs          |     | 150         |
| Other costs             |     | 140         |
| <b>Total expenses</b>   |     | <b>1240</b> |
| <b>Net surplus</b>      |     | <b>300</b>  |

### Statement of Financial Position (old 'Balance Sheet') for XYZ as at 30/6/04

|                           |             |                                |             |
|---------------------------|-------------|--------------------------------|-------------|
| <u>Current assets</u>     | \$'000      | <u>Current liabilities</u>     | \$'000      |
| Cash at bank              | 100         | Creditors                      | 350         |
| Investments               | 200         | Leave provision                | 100         |
| Debtors                   | 400         | Lease expense                  | 100         |
| Inventory                 | 250         |                                |             |
| <u>Non current assets</u> |             | <u>Non current liabilities</u> |             |
| Building                  | 1500        | Leave provision                | 200         |
| Plant & equipment         | 300         | Lease expenses                 | 300         |
| Long term investment      | 150         | Borrowings                     | 360         |
| <b>Total assets</b>       | <b>2900</b> | <b>Total Liabilities</b>       | <b>1410</b> |
|                           |             | <br>                           |             |
|                           |             | <u>Equity</u>                  |             |
|                           |             | Special reserve                | 500         |
|                           |             | Current surplus                | 300         |
|                           |             | Retained surplus               | 680         |
|                           |             | <b>Total equity</b>            | <b>1480</b> |

## 8.2 Variance analysis

| <u>Revenue (\$'000)</u>            | <u>Actual</u> | <u>Budget</u> | <u>Variance</u> | <u>Explanation</u>                        |
|------------------------------------|---------------|---------------|-----------------|---|
| <b>Membership fees</b>             | 800           | 1000          | (200)           | New members down 20%                      |
| <b>Subscriptions</b>               | 390           | 300           | 90              | Exhibition revenue up 30%                 |
| <b>Donations</b>                   | 300           | 0             | 300             | One off bequest from past patron          |
| <b>Investment income</b>           | 50            | 50            | 0               |   |
| <b>Total revenue</b>               | <b>1540</b>   | <b>1350</b>   | <b>190</b>      |   |
| <b><u>Expenses</u></b>             |               |               |                 |   |
| <b>Employee labour costs</b>       | 700           | 600           | 100             | Extra Marketing & support staff           |
| <b>Marketing &amp; advertising</b> | 100           | 90            | 10              | Additional costs to advertise exhibitions |
| <b>Publications</b>                | 150           | 160           | (10)            | Savings new supplier                      |
| <b>Building costs</b>              | 150           | 200           | (50)            | Maintenance work deferred                 |
| <b>Other costs</b>                 | 140           | 150           | (10)            | Training course for staff deferred        |
| <b>Total expenses</b>              | <b>1240</b>   | <b>1200</b>   | <b>40</b>       |   |
| <b>Net surplus</b>                 | <b>300</b>    | <b>150</b>    |                 |   |

One off donation \$300K was accountable for almost entire surplus

Excluding donations, revenue was down on budget \$190K and up on costs \$40K i.e. \$230K behind budget.

### 8.3 Key Indicator Report

It is often useful to have a one page summary report on the key indicators that are relevant to your organisation. Sample key indicator reports may include the following:

| Key indicator                        | YTD    |        | Annual    |        | Reason for variance |
|--------------------------------------|--------|--------|-----------|--------|---------------------|
|                                      | Actual | Budget | Projected | Budget |                     |
| Membership growth                    |        |        |           |        |                     |
| Membership subscriptions outstanding |        |        |           |        |                     |
| Revenue                              |        |        |           |        |                     |
| Costs                                |        |        |           |        |                     |
| Cost per member                      |        |        |           |        |                     |
| Average yield on investments         |        |        |           |        |                     |
| Staff turnover                       |        |        |           |        |                     |

## 8.4 Acquital of Grants

It is essential to keep records of how any grant monies are acquitted. It is also essential to read any contractual conditions.

Sponsorship contracts can range from verbal agreements, to letters of intent through to 45 page legal tomes.

### **What grantors seek to protect against**

- Non-delivery of promised benefits
- Deception
- Cancellation of the activity
- Change in image of activity

### **What you should protect**

- Withdrawal of funds
- Change of heart of grantor
- Change in objectives of grant
- Misunderstand in which party is responsible for the various supporting activities

# 9 HOW TO HELP OTHERS READ FINANCIAL REPORTS- RATIOS

All ratios measuring profitability can be computed either before or after taxes, depending on the purpose of the computations. Ratios have limitations. Since the information used to derive ratios is itself based on accounting rules and personal judgments, as well as facts, the ratios cannot be considered absolute indicators of a firm's financial position. Ratios are only one means of assessing the performance of the firm and must be considered in perspective with many other measures. They should be used as a point of departure for further analysis and not as an end in themselves.

## 9.1 Key Ratios for Balance Sheet

### **Current Ratio: Current assets divided by current liabilities**

The current ratio (current assets divided by current liabilities) is a measure of

the cash or near cash position (liquidity) of the firm. It tells you if you have enough cash to pay your firm's current creditors. The higher the ratio, the more liquid the firm's position is and, hence, the higher the credibility of the firm. Cash, receivables, marketable securities, and inventory are current assets. Naturally, you need to be realistic in valuing receivables and inventory for a true picture of your liquidity, since some debts may be uncollectable and some stock obsolete. Current liabilities are those which must be paid in one year.

|    |                             |                                  |                   |                    |                   |
|----|-----------------------------|----------------------------------|-------------------|--------------------|-------------------|
| Eg | Current assets<br>\$950,000 | Current Liabilities<br>\$550,000 | Ratio<br>1.73 : 1 | Is good<br>1.3 : 1 | Is bad<br>1.1 : 1 |
|----|-----------------------------|----------------------------------|-------------------|--------------------|-------------------|

### **Funding Body revenue ratio: Major funding body divided by all other revenue sources**

This ratio will provide an indication of how reliant you are on one source of funding. Reliance of more than 30% on one source is a substantial risk

|    |                                   |                            |                |                    |                 |
|----|-----------------------------------|----------------------------|----------------|--------------------|-----------------|
| Eg | Funding body revenue<br>\$200,000 | Other revenue<br>\$100,000 | Ratio<br>2 : 1 | Is good<br>0.6 : 1 | Is bad<br>1 : 1 |
|----|-----------------------------------|----------------------------|----------------|--------------------|-----------------|

# 10 FRAUD CONTROL

| Warning Signs   | Alert | Strategy for Action |
|---|-------|---------------------|
| 1. No procedures to detect and report unusual payments                      |       |                     |
| 2. Increase in amounts owing to creditors                                   |       |                     |
| 3. Inadequate information regarding financial performance                   |       |                     |
| 4. Regular deferral of capital expenditure                                  |       |                     |
| 5. Explanations of budget variance inadequate                               |       |                     |
| 6. Liquidity is forecast to be a problem                                    |       |                     |
| 7. Inadequate review and analysis of budget vs. actual                      |       |                     |
| 8. Key ratio deterioration  |       |                     |
| 9. Expense accounts have increased  |       |                     |
| 10. Deferment of statutory payments   |       |                     |
| 11. Non-payment of insurance premiums                                       |       |                     |
| 12. Significant decline in turnover   |       |                     |
| 13. Slowdown in receipt of financial reports                                |       |                     |
| 14. Losses incurred   |       |                     |
| 15. No Audit Committee  |       |                     |
| 16. No formal external audit and management letter                          |       |                     |
| 17. Information flow is delayed   |       |                     |
| 18. Resignation of key staff or Directors                                   |       |                     |
| 19. Audit reports show disagreement with management and management letters  |       |                     |
| 20. Managerial and Board self-indulgence                                    |       |                     |
| 21. Insufficient review of compliance with legislative requirements         |       |                     |
| 22. Employee morale low, turnover high                                      |       |                     |
| 23. Key personnel have not had significant holidays for two years           |       |                     |
| 24. No separation of cheque raising and cheque signing                      |       |                     |
| 25. No asset register   |       |                     |
| 26. No written controls or policies on electronic banking                   |       |                     |
| 27. No written controls or policies on access/authorisation of credit cards |       |                     |
| 28. Qualification in the auditors report                                    |       |                     |
| 29. Unqualified accounting staff or treasurer                               |       |                     |

# 11 AUDIT TIME!!

Under the Associations Incorporations Act, no audit is required if Revenue is less than \$200k or Assets are less than \$500k, or if the constitution requires an audit.

| Question |   | Action |
|----------|---|--------|
| 1        | Do I understand what each category of assets and liabilities represent?   |        |
| 2        | Am I confident that current assets exist, are valued correctly and can be readily converted to cash at their stated value?  |        |
| 3        | Have fixed or non-current assets been independently valued, and if not, how has the recoverable amount been determined?   |        |
| 4        | Have all liabilities been included in the financial statements taking into account all creditors, major risks, legal actions, provisions, contracts or disputes with such parties as the Australian Tax Office?   |        |
| 5        | Can the organisation meet its future debts as and when they fall due taking into account current facilities, cash and performance forecasts or other future issues which may put in doubt the going concern basis on which the financial statements have been prepared? |        |
| 6        | Have the financial statements been prepared in accordance with applicable Australian Accounting Standards?  |        |
| 7        | Have all relevant laws and regulations been considered and complied with?(compliance schedule)  |        |
| 8        | If the financial statements have been audited, did the auditors raise any major issues that require follow up or are they about to issue an audit report containing qualifications?   |        |
| 9        | Do the financial statements contain any misleading information or are they based on unresolved or incomplete information, which may prove misleading?   |        |

# 12 TAXATION

## 12.1 Non-Mutual Income

If a Not for Profit is not totally tax-exempt, then some thought needs to be put into the management and record keeping involved in income sources such as sponsorship.

Sponsorship money is typically treated as non-member income if the money is provided by a non-member, or if the association is based on individual membership and the sponsor is a corporate. Non-member income is treated as taxable income.

It is important for the association to keep good records of what direct expenses can be attributed to the event which is being sponsored. If a dinner is being sponsored, then the direct costs of food, beverage, room hire, promotion, menus and transport to and from the venue will be deductible as direct expenses. Direct expenses for a major sponsor, for example, might include the brochure and staging (if their name is on it).

The key test is to ask the question 'Would I have been able to do this activity without this sponsorship money?' It has to be clearly shown that the activity that was sponsored also has some clearly defined direct costs. This is easily identified by comparing the benefits offered to the sponsor with the costs of providing those benefits.

If you have corporate membership, include membership of your association as a sponsor benefit, then all the income may be treated as membership income.

You should discuss the treatment of sponsorship monies with your accountant.

## 12.2 Other Hints

**Check with the ATO regarding who is the contact person authorised to access ATO information about the organisation, and make sure this is updated regularly. Have at least 2 names available. At the same time, check the registered address for notifications.**

## 13 FINANCIAL HEALTH CHECKLIST

| Rating<br>* | Indicator   | Met | Needs<br>Work | N/A |
|-------------|---|-----|---------------|-----|
| E           | 1. The organization follows accounting practices which conform to accepted standards.   |     |               |     |
| E           | 2. The organization has systems in place to provide the appropriate information needed by staff and board to make sound financial decisions and to fulfil ATO requirements.   |     |               |     |
| R           | 3. The organization prepares timely financial statements including the Balance Sheet [or statement of financial position) and Profit and Loss [or statement of financial activities] which are clearly stated and useful for the board and staff. |     |               |     |
| R           | 4. The organization prepares financial statements on a budget versus actual and/or comparative basis to achieve a better understanding of their finances.   |     |               |     |
| E           | 5. The organization develops an annual comprehensive operating budget which includes costs for all programs, management and fundraising and all sources of funding. This budget is reviewed and approved by the Board of Directors.               |     |               |     |
| R           | 6. The organization monitors unit costs of programs and services through the documentation of staff time and direct expenses and use of a process for allocation of management and general and fundraising expenses.                              |     |               |     |
| E           | 7. The organization prepares cash flow projections.   |     |               |     |
| R           | 8. The organization periodically forecasts year-end revenues and expenses to assist in making sound management decisions during the year.   |     |               |     |
| E           | 9. The organization reconciles all cash accounts monthly.   |     |               |     |
| E           | 10. The organization has a review process to monitor that they are receiving appropriate and accurate financial information whether from a contracted service or internal processing.   |     |               |     |
| E           | 11. If the organization has billable contracts or other service income, procedures are established for the periodic billing, follow-up and collection of all accounts, and has the documentation that substantiates all billings.                 |     |               |     |
| E           | 12. Government contracts, purchase of service agreements and grant agreements are in writing and are reviewed by a staff member of the organization to monitor compliance with all stated conditions.   |     |               |     |
| E           | 13. Payroll is prepared following appropriate State and Federal regulations and organizational policy.  |     |               |     |
| E           | 14. Organizations that purchase and sell merchandise take periodic inventories to monitor the inventory against theft, to reconcile general ledger inventory information and to maintain  |     |               |     |

|   |  |  |  |  |
|---|--|--|--|--|
|   | an adequate inventory level.   |  |  |  |
| R | 15. The organization has a written fiscal policy and procedures manual and follows it.   |  |  |  |
| E | 16 The organization has documented a set of internal controls, including the handling of cash and deposits, approval over spending and disbursements.  |  |  |  |
| E | 17. The organization has a policy identifying authorized check signers and the number of signatures required on checks in excess of specified dollar amounts.  |  |  |  |
| E | 18. All expenses of the organization are approved by a designated person before payment is made.   |  |  |  |
| R | 19. The organization has established a plan identifying actions to take in the event of a reduction or loss in funding.  |  |  |  |
| R | 20. The organization has established, or is actively trying to develop, a reserve of funds to cover at least three months of operating expenses.   |  |  |  |
| E | 21. The organization has suitable insurance coverage which is periodically reviewed to ensure the appropriate levels and types of coverages are in place.  |  |  |  |
| R | 22. The organization has an annual, independent audit of their financial statements, prepared by a certified public accountant.  |  |  |  |
| R | 23. In addition to the audit, the CPA prepares a management letter containing recommendations for improvements in the financial operations of the organization.  |  |  |  |
| R | 24. The Board of Directors ,or an appropriate committee, is responsible for soliciting bids, interviewing auditors and hiring an auditor for the organization.   |  |  |  |
| R | 25. The Board of Directors, or an appropriate committee, reviews and approves the audit report and management letter and with staff input and support, institutes any necessary changes.               |  |  |  |
| E | 26. The audit, or an organization prepared annual report which includes financial statements, is made available to service recipients, volunteers, contributors, funders and other interested parties. |  |  |  |
| A | 27. Training is made available for board and appropriate staff on relevant accounting topics and all appropriate persons are encouraged to participate in various training opportunities.              |  |  |  |

**Indicators ratings:**

E=essential; R=recommended; A=additional to strengthen organizational activities

# 14 TREASURERS PROJECT PLAN

| <b>Treasurers Project Plan</b>              |                           |               |               |                |
|---|---------------------------|---------------|---------------|----------------|
| <b>Project Phase</b>                        | <b>Person Responsible</b> | <b>3 mths</b> | <b>6 mths</b> | <b>12 mths</b> |
| Board understands their duties              |                           |               |               |                |
| Review Treasurer vs Finance/audit committee |                           |               |               |                |
| Treasurer Job Description or Charter        |                           |               |               |                |
| Review Constitution                         |                           |               |               |                |
| Compliance schedule                         |                           |               |               |                |
| General Finance Policy                      |                           |               |               |                |
| Fixed Asset Policy                          |                           |               |               |                |
| Purchase of Goods and Services policy       |                           |               |               |                |
| Reimbursable Expenses Policy                |                           |               |               |                |
| Retained Members Earnings Policy            |                           |               |               |                |
| Internal Controls Checklist                 |                           |               |               |                |
| Review Reasons for Variance reporting       |                           |               |               |                |
| Develop Key Indicator Report                |                           |               |               |                |
| Develop Key ratios for Board report         |                           |               |               |                |
| Review Non-Mutual income                    |                           |               |               |                |
|   |                           |               |               |                |
|   |                           |               |               |                |

# 15 CURRICULUM VITAE OF FACILITATOR



Steven Bowman

## **Experience**

Steve is one of Australia's leading Not for Profit executives, having previously held positions as National Executive Director of the Australasian Institute of Banking and Finance, Australian Society of Corporate Treasurers, General Manager of ExpoHire (Australia) Pty Ltd, Assistant Director of the Australian Society of CPAs, and Director of the American College of Health Care Administrators. He was until recently Managing Director of Enterprise Care Not for Profit Services. He is a past President of the Australian Society of Association Executives, and has held numerous other Board/Committee of Management positions. He has consulted to a wide range of professional, trade, welfare, philanthropic and charitable Not for Profit organisations.

## **Qualifications**

Bachelor of Applied Science (Speech Pathology) La Trobe Uni. Melbourne  
Graduate Diploma of Communication Disorders La Trobe Uni. Melbourne  
Master of Arts (Speech Pathology) George Washington Uni Washington DC  
Master of Association Management George Washington Uni Washington DC  
Certificate in Association Management Mt Eliza Business School  
Advanced Certificate in Association Management Mt Eliza Business School  
In addition, Steve Bowman is co-author of the acclaimed texts:

- *The Secrets to Developing Strategic Plans that Work*
- Risk Management Strategies and Techniques for Not for Profits
- Strategic Customer Management for Not for Profits
- Developing Not for Profit Performance Management Systems
- Reviving Staff Performance & Productivity in Not for Profit Organisations
- Directors Induction Manual
- Good Governance Guide
- Practical Board Appraisal Techniques
- Membership marketing that gets results
- The Not for Profit Board and Management Guide

## **Professional Memberships**

Fellow-Australian Institute of Company Directors  
Fellow-Australian Society of Association Executive



## Developing a Conscious Board

Does your Board have any of the following symptoms?

- Too operational resulting in long meetings that achieve little
- Staff/Board conflict that saps energy and focus
- Board members that do not know their legal responsibilities and implications for behaviour
- Board wants to add more value, but aren't sure how
- Board is receiving so much information that decision making is tortuous

If you answer yes to any of these questions, the Developing a Conscious Board process may be just what you need:

Developing a Conscious Board is an on-going process of cultivating and enlightening your Board of Directors that will conserve and enhance the nature, growth, and influence of the organisation and maximize its contribution to the lives of people and the organisation it serves.

The 'Developing a Conscious Board' process is a focused, information rich governance program that provides Board members and executive staff with the latest best practice, legal, compliance, strategic, financial, and risk management processes in corporate governance.

These programs have been developed to include all best practice issues (including the ASX and Standards Australia guidelines), all compliance issues, the collective wisdom of over 2000 Board members personally trained over the past three years, and practical tools and techniques that have been tested in boardrooms throughout the Southern Hemisphere.

Whether your Board has a specific problem to address, or wants to lift its performance to Best Practice, we can provide on-going or 'as required' support to empower directors and increase the Board's leadership capabilities.

Contact **Steven Bowman** for a proposal or quote on providing this service on (03) 9509 9529 or 0438 325 782 or email [bowman@lifemastery.com.au](mailto:bowman@lifemastery.com.au)

See our website [www.lifemastery.com.au](http://www.lifemastery.com.au) for further details, and for articles and resources on governance, strategic and operational planning, and developing alternative sources of revenue in the Not for Profit sector.



### Each "Developing a Conscious Board" process includes the following steps:

1. Initial briefing session (involving the CEO and nominated specific Board members)
2. Collection and analysis of key documents by consultant (constitution, annual report, financials, strategic documents as agreed)
3. Agreement on focus of workshop
4. Conduct Program
5. Agree enhancements to be made by the Board
6. Follow up action survey 6 months later to ascertain behaviour changes and enhancements to Board governance.



### Are any of these issues prevalent in your organisation?

- Your strategic plan is not used as the guiding document or filter for all organisational activities
- Your Board do not review outcomes against the strategic plan at each Board meeting
- Your strategic plan is more a wish list without clear timelines and success measures
- Board and CEO performance measures are not linked to the strategic plan
- The last strategic planning process was tortuous and drawn out

Contact Steven Bowman for a proposal or quote on providing this service on (03) 9509 9529 or mobile 0438 325 782 email [bowman@lifemastery.com.au](mailto:bowman@lifemastery.com.au)

## High Impact Strategic Plan facilitation

The LifeMastery Strategic Plan Facilitation occurs over either a 1½ day retreat (recommended) or a 1 day retreat.

### The Strategic Plan Facilitation includes the following steps:

1. Preliminary kick-off meeting by teleconference (involving the CEO and nominated specific Board members)
2. Collection and analysis of key documents by facilitator (constitution, annual report, financials, strategic documents as agreed)
3. Agree who should be on the planning team
4. Develop and circulate Board and planning team survey, collect survey returns and summarise relevant issues
5. Confirming or reaffirming the Core Values
6. Confirming or reaffirming the Core Purpose
7. Developing measures of success
8. Using your Vision/Mission statement as a strategic filter
9. A Strengths, Weaknesses, Opportunities and Risks (SWOR) environmental filter analysis.
10. The impact of identified risks on your risk management plan
11. Agreeing and prioritising key strategies
12. Impact analysis between the SWOR, Core Vision, Core Purpose and Strategies.
13. Establishing the Strategic Workplans for all agreed strategies.
14. Strategies for ensuring that the strategic plan is carried out at the various levels, including structuring of the Board agenda, structuring committees, reviewing the strategic plan regularly, and strategic thinking processes.
15. Embedding the strategic plan into CEO and staff performance measures and job descriptions
16. Provide follow-up support and ensure Strategic plan is properly written up

See our website [www.lifemastery.com.au](http://www.lifemastery.com.au) for further details, and for articles and resources on governance, strategic and operational planning, and developing alternative sources of revenue in the Not for Profit sector.