

Finances

Clubs have a responsibility to Monash University and Club members to conduct their financial transactions in a proper and accountable manner. For the new Treasurer of a Club without bookkeeping experience, the task may at first seem daunting, but by following some basic steps in recording financial transactions the job can be both rewarding and interesting.

Getting Started

The new Treasurer will rely on his/her predecessor maintaining good systems. Poorly kept records will mean

extra work and give an unclear financial position. Hopefully this is not the case and the records are acceptable.

The new Treasurer should receive;

- A Cashbook
- A Cheque Book
- Bank Statements
- Past Financial Reports, and
- Copies of previously submitted Audit Statements

It may be necessary to update the signatories on the cheque accounts, which can be arranged through forms available at the bank. It is important to remember that at all times there must be at least two senior office bearers as signatories.

Australian Business Number (ABN)

Every affiliated Club has their own ABN. This is an 11-digit number, which identifies each club for tax purposes. When dealing with suppliers and sponsors, Clubs are often required to quote their ABN -ensure it is readily available. Monash University maintains a listing of all Club ABN.

Goods and Services Tax (GST)

On 01 Jul 2000 the Federal Government introduced a 10% tax on most goods and services. Most TeamMONASH Clubs are not registered for the GST. This means that clubs must pay the GST on items and will not be able to claim these back, as registered businesses are eligible to do. It was decided that this method negated to requirement for the Club to complete the complex Business Activity Statement (BAS) every quarter. If the Club is not registered for the GST, it cannot charge GST or market their events as GST inclusive. If the club turns over more than \$150,000 per year it must register for GST, it is the clubs responsibility to lodge all future activity statements and the club is also responsible for any cost associated.

Bank Accounts

All clubs should hold a chequing account with a bank. Each bank has slightly different processes involved with setting up club accounts but all will require a letter from Monash University as the clubs peak body. Deposit any cash received into the clubs bank account immediately. Do not use cash to pay for items or services -purchase everything possible with a cheque. This may seem excessive to begin with, but it will make the preparation of accounts significantly easier. Ensure that a receipt is obtained for each payment and the cheque stub completed correctly. Any cash received by the Club should be deposited into the bank account and a written receipt provided to the person paying the Club. A copy of the receipt must be recorded in the Receipt Book. It is prudent to obtain a receipt from the bank when the deposit is made – this will normally be a stamp on the stub in the receipt book.

Acceptable receipts

For each cheque debited from the bank account an acceptable receipt must be provided to verify the expenditure. Good practice is to paste receipts into an exercise book (Receipt Book) with the corresponding cheque number recorded next to it. The auditor will require acceptable receipts. The following can be found on an acceptable receipt:

- The company or business name and address -if the payment was made to a business
- The name and address of the Club member or other non-business person -if the payment was not made to a company or business
- The reason for payment
- The amount and date of the payment
- If receipts do not meet these requirements or are misplaced a Statutory Declaration must be provided.

Statutory Declarations

A statutory declaration is a written statement that the person making the declaration signs and declares to be true and correct before an authorised witness. It is a legal document, and making a false statement on this document is an indictable offence (Perjury Act 1911). A Statutory Declaration is required when there is no corresponding receipt for cheques used for a payment made by the Club. A Declaration drawn up to authenticate this situation must:

- be worded precisely
- be signed by all persons required to sign cheques
- be witnessed by an approved person

Example –

We(names of all persons who have authority to sign cheques)

Swear that the amount(s) mentioned below were used for the benefit of the

.....(name of Club) and that payments conformed to the aims and objectives of the Club as set out in its constitution.

Cheque No:

Date:

Amount: \$.....

Reason for Payment:.....

Person receiving money:

[NB. Each cheque without a corresponding receipt must be listed with accompanying information]

Bank Statements

All bank statements should be kept together and presented for audit. If pages are missing they must be replaced. Copies can be obtained from the bank.

Petty Cash

Where possible the use of cash should be avoided and is not advocated. Experience has shown that it is extremely difficult to keep an adequate control over the use of cash and also creates a high security risk. If the Club, however, still requires small amounts of 'cash on hand' a Petty Cash system is the most efficient and reportable method of control. A Petty Cash system should be set up and used as follows:

- Write and cash a cheque for an initial amount – the amount should not exceed \$50.00.
- The cash should be kept in an appropriate, lockable container (cash tin) in a safe location
- Receipts, from payments out of petty cash, should be placed in the cash tin – this ensures that the total of the cash and receipts in the petty cash tin always equals the total amount of the initial cheque (cashed to establish the system)
- When the amount of cash is low, total all the receipts and cash a cheque for that amount -this ensures the total amount of cash will again equal the initial amount used to establish the system.