



#### NETBALL VICTORIA

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## Netball Victoria's Information Sheets and Resources

### VOLUNTEER TO PAID ADMINISTRATION – FINANCIAL MANAGEMENT

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Managing the finances of a netball organisation can be a complex operation. The application of financial resources has a significant bearing on the success of your association, league or club. Netball Affiliates bodies need to be able to account for their financial resources but they also need to look a ways to use them effectively, strategically and sustainably.

The treasurer has a key role to play in the effective management of financial resources, but it is the management committee or board which has ultimate accountability for how funds are used.

As in all management activities, a sporting organisation should aim to adopt best practices in financial management. The size and complexity of the affiliate will influence what is finally put in place.

The following are necessary:

- ✓ Constitutional requirement for an annual financial report.
- ✓ A suitably trained treasurer.
- ✓ Appropriate accounting system e.g. Cash book/ledgers/journal.
- ✓ Existence of approved bank accounts.
- ✓ Cheque signing authorities - at least three registered with two signatories always required.
- ✓ Set reporting practices for the management committee – standing agenda item for finance.
- ✓ Asset register and management of assets.
- ✓ Auditor.
- ✓ Adopt an annual budget.

#### TOP TIP

**Some sports associations and clubs may consider the opportunity to outsource key services and skills. This can provide the affiliate with expertise and time savings that fulfils its governance obligations but also allows the sports body to focus its financial and volunteer resources. We have limited skills and volunteers to manage and strategically plan for the future, so Committees should consider what is best for long term sustainability.**

There are many suitable accounting software programs now available on the market so there is no need to rely on templates. Get professional advice before deciding which package to buy.

Reporting requirements:

- ❖ profit and loss statement
- ❖ balance sheet
- ❖ cash flow statement
- ❖ written report regarding material variances from budget
- ❖ budget versus actual report on a month and year-to-date basis as well as identifying the full-year budget
- ❖ listing of all major outstanding debtors and creditors
- ❖ bank reconciliation (including bank account evidence)
- ❖ performance reporting against the organisation's strategic objectives.

The organisation should have a one-year fully costed operational plan, as well as having a more strategic 3-5 year financial plan that should link the financial objectives of the organisation with that of its strategic objectives. [Click here](#) to view Netball Victoria's Strategic Planning and Operational Planning InfoNets.

It is critical that all directors understand and take their financial responsibility on the elected Committee or Board seriously by ensuring they can comprehend and challenge the financial information presented to them by management.

It is critical that the Board has detailed knowledge of the financial health of an organisation, as it is illegal for an organisation to trade while insolvent and the directors could be held personally responsible.

**Principle 4.5** states, 'That the full board of directors should annually meet and be debriefed by the external auditor on the state of the financial position and systems within the organisation and any issues identified throughout the audit process.

To ensure that each director can fully extinguish their fiduciary responsibilities, it is good practice that the full board meets with the external auditor annually to discuss the findings of the audit and any identified issues that may have arisen from the audit.

This open and frank discussion allows individual directors the opportunity to receive further clarification of any issues to ensure they fully understand the financial operations and health of the organisation.

## **FINANCIAL RESPONSIBILITIES**

Good financial management is essential for your organisation's survival and is an important part of good governance. It involves being able to review financial information, effectively manage funds, implement sound financial practices, and understand your organisation's financial position and obligations.

Often organisations appoint a financial director or manager with some accounting experience to take on this responsibility. However, every board member should understand an organisation's accounts and financial reports. This knowledge will help with strategic planning, accountability, corporate governance, and effective risk management.

Sporting organisations and associations have certain legal obligations in relation to financial management. There are also corporate governance issues that need to be taken into consideration when administering an organisation's finances. Whether you're a director, a board member, or the finance manager it is important you understand your responsibilities in this area.

Here is a summary of the key issues. For further information, it is recommended that you seek independent professional financial and/or legal advice.

## **Common law duties**

Directors of all sport and recreation organisations have common law duties. These require directors to act competently, honestly, in good faith and in what they consider to be the best interests of the organisation. The broader principles of common law that directors should follow include:

- Monitor the management of the organisation
- Understand the fundamentals of the organisation's business
- Keep informed of the organisation's activities and assess appropriateness of management's business practices
- Monitor the organisation's policies
- Be familiar with the organisation's financial status by regularly reviewing financial statements
- Enquire into matters where necessary.

Your organisation's situation needs to be taken into consideration when applying these duties. This includes the type of organisation, the organisation's size and nature, the composition of the board and the distribution of work between directors and other officers.

## **Corporate governance requirements**

Directors and board or committee members are required to understand the needs of their sport or association in relation to statutory and common law requirements and corporate governance issues. [Click here](#) to view the Netball Victoria Governance InfoNet for further information.

## **OVERVIEW OF YOUR FINANCIAL OBLIGATIONS**

When you join a Board, you accept the obligation to look after your organisation's finances. In some cases, a Board's financial responsibilities may be quite extensive (for example, for a board that is responsible for overseeing a large organisation with debts, income, staff, etc.). In other cases (say, for a small community group board that does not perform many or any financial transactions) these responsibilities might be simple or non-existent.

Any board that oversees a budget, no matter how small, needs to have a good understanding of its financial duties and take them very seriously.

You should seek legal or financial advice whenever you are in doubt about your roles and obligations.

## **FINANCIAL COMPETENCE**

Although Board members are not generally required to have particular qualifications to be appointed, the law does impose standards of financial competence. This is particularly relevant to the laws of insolvent trading.

### **Further Resources:**

[https://www.sportaus.gov.au/\\_data/assets/pdf\\_file/0006/912705/Sport-Governance-Framework.pdf](https://www.sportaus.gov.au/_data/assets/pdf_file/0006/912705/Sport-Governance-Framework.pdf)

### **Useful Template**

[Click here](#) to review SportAus's Role of Directors, template.

The board is expected to be capable of understanding the affairs of the organisation or facilities it is governing well enough to reach a well-informed opinion of its financial capacity. And it must be sufficiently up to date with the organisation's dealings to allow it to respond properly to the organisation's changing financial capacity. Naturally, this requires some familiarity with financial reports.

Every year, most boards will prepare a financial report. The preparation of such reports is not always simple and many boards seek professional help in doing so. Generally, these reports will include:

- A review of the year's operations and details of any important changes
- Information regarding the organisation's primary activities
- Details of any circumstances that have affected, or could affect, the organisation's operations or likely developments in future years
- Names of board members and the period for which they have filled the position
- Information regarding board members' fees
- All earnings from the organisation and related organisations
- Information regarding the solvency of the organisation, including income and expenditure.

Different or additional reporting requirements may exist for your particular board, depending on the law or rules under which it operates.

It is worth noting that individual board members are not required by law to attend to the financial affairs of the organisation personally, but they must ensure that they engage people who are competent enough to handle the requirements of the specific situation. It is not sufficient to appoint someone qualified only to do basic accounting where only the resources of a large accounting firm could cope with the task at hand.

You should also know enough about financial matters to be able to understand the workings of the budgets and accounts. If you do not know what words like 'revenue', 'assets' and 'income' mean, you will need to do a lot more homework before taking on any board role that requires overseeing a budget.

## **ROLE OF THE FINANCE DIRECTOR / MANAGER**

The role of Finance Director/Manager varies depending on the size of your organisation; whether you have a volunteer or paid workforce; the range of activities offered; and whether your organisation is affiliated or not.

Clearly for an organisation with no paid staff, the role will be much more hands-on than the overseeing role of a finance director with staff. The level of responsibility is different. For this reason, the information below has been separated into these categories. Choose the relevant checklist to help you better identify the roles and responsibilities of your finance director:

## **RECRUITING A WORKFORCE THATS FIT FOR PURPOSE**

The people in your organisation, paid or volunteer, are your workforce and they are the people you need for your organisation to meet your strategic and operational goals.

Workforce planning is about ensuring you have:

- the right people
- in the right roles
- for the right time
- with the right skills, and
- at the right cost.

In addition to these factors you should seek out people who reflect the behaviours and attitudes of the organisation.

As with any planning process you should apply these best practice principles to your workforce plan:

- the current situation (current workforce breakdown)
- what you will need in the future (workforce breakdown to achieve desired outcomes)
- identify the gaps (what you need to add to achieve desired outcomes).

Your club, league or association may be moving toward paid administration due to its strategic or operational directions, mitigation of risks or any other number of reasons. The following is a list of considerations when looking at paid administration for financial service support.

Key Areas	Responsibility & Roles	NO PAID STAFF	PAID STAFF
Cash controls	Do you ensure that all cash that comes into the organisation is collected, receipted if necessary and subsequently banked?	?	?
	Do you have records that identify which cash comes from members, canteen sales etc and which is from a sponsor or from fundraising?	?	?
	The signatories for cheques are authorised by the board. Do you retain receipts and documentation for funds expended?	?	?
	Is there separation of duties where possible? For example, if possible, the employee who collects cash should not be the same person who prepares the accounting entries recording it or the same person who subsequently banks the money.		?
Financial statements	Are the financial statements for your organisation prepared and provided to appropriate members/directors?	?	?
	Do you or someone else in the organisation have the skills to review and analyse the financial statements to identify significant issues?	?	?
	Is there a process to review the accuracy of the bookkeeping work?		?
Budgets and cash flow management	Does your organisation have a budget?	?	?
	If a large purchase/expenditure is going to occur, have the cash flow implications on the organisation been considered (ie given the timing of the expense, will the organisation run out of money?)	?	?
	At year end, is the budgeted result compared with the actual result?	?	?
	Do you have a process for managing and monitoring accounts payable and accounts receivable?	?	?
Statutory matters	Are you aware of any rules and requirements governing your organisation in relation to when you produce financial statements, what needs to be produced, and who requires/is entitled to a copy?	?	?
	Have you arranged for an audit of the financial statements (if required) and notified the auditor as to when they will receive the work, and when it is due?	?	?
	Do you understand the extent of any personal liability you may have if you enter into transactions on behalf of the organisation which the organisation cannot pay for?	?	?
	Are you required to be registered for GST? If so do you know the paperwork obligations relating to GST such as BAS completion and tax invoices?	?	

## RECRUITING FOR FINANCIAL ROLES

Provide a **job description** including meeting times, major tasks, average weekly or monthly time commitments, benefits and conditions. This will help potential volunteers make an informed decision about whether a job might suit their skills, experience and availability.

The **selection process** involves choosing the individual who best meets the requirements of a position. Depending on the level of the position [policy/management or operational], the selection process can involve a number of steps, which may include screening, formal interviews, testing, reference checks and a physical examination. However, it is not often that community-based sport organisations are in a position to work through a formal volunteer selection process.

An important consideration in the selection process is whether a position can be appointed or whether the constitution requires it be elected.

- Do they have the required accreditation?
- Are they prepared to undertake relevant training?

**Reference checks** are advisable when appointing individuals to a position that involves close contact with children (ie. any person under 18 years). There may also be statutory requirements under child protection legislation, to run a criminal history check or for the applicant to provide a written declaration that they are not a 'prohibited' person (ie. someone who has a conviction for a sex offence). Criminal history checks may also be necessary if a reference cannot be verified or a reference raises any questions about the character or integrity of a potential volunteer.

Appointing a person to a volunteer position as a 'last resort' may be more harmful in the long term than temporarily leaving the position vacant and starting the recruitment process again.

A recruitment system which protects and reduces risk to the organisation

The organisation has processes which ensure **accountability and transparency.**

The organisation has **a documented process to ensure compliance** with working with vulnerable persons legislation (that reflects the varying legislative requirements of all States and Territories) including maintenance of relevant checks.

The board has a **documented process for ensuring that the policies and procedures implemented** by management are consistent with the organisation's risk management framework.

The board must have an appropriate system of internal **controls to enable it to monitor performance, track progress** against strategy and address issues of concern.

The organisation has a **Finance, Audit and Risk committee** (if required).

[Click here](#) for the following infonet on recruiting volunteers

## COMPLIANCE

As a not-for-profit organisation you are governed by laws and must comply with them.

To access Netball Victoria's Incorporation Fact Sheet, click [here](#).

Office bearers have minimum legal obligation under the ***Associations Incorporation Act 1991 (the Act)*** and general law. Failure to comply with these obligations may lead to prosecution, or in some instances, the incorporation of the association may be cancelled.

As a organisation office bearer, you should be familiar with your legal obligations under the Act. These requirements vary from state to state, but at the most basic level they require you to adhere to the following:

- **Annual General Meeting (AGM):** An incorporated association must hold at least one AGM per calendar year.
- **Financial statements:** An incorporated association must submit to members at an AGM a statement which 'gives a true and fair view' of the following:
  - Income and expenditure during the last financial year

- Assets and liabilities
- Mortgages/charges/securities affecting any of the incorporated association's property
- Details relating to any trust the incorporated association was trustee for during previous financial year.

A copy of the financial statements and annual reports should be lodged with the relevant authority in your state (the one you applied to for your incorporation), within one month of the AGM.

## OTHER FINANCE OBLIGATIONS FOR ORGANISATIONS

As an organisation, you also need to observe regulations, including those in the following areas:

- **Fundraising** – register with the relevant authority in your state if your organisation is planning to run a fundraising event..
- **Tax Office status** – identifies whether or not your organisation is eligible for any not-for-profit or charity tax breaks. Further information is available on the [ATO website](#).
- **Tax legislation** – whatever your legal form, you need to find out what taxes you're liable for and pay them. Think particularly of GST and FBT. Further information can be found at the [ATO website](#).
- **Financial probity** – ensure your organisation's assets are protected, liabilities can be met, and your dealings with it are at arm's length. You must have provisions in your rules to cover potential and actual conflicts of interest.
- **Privacy legislation** – you must have a system for ensuring the privacy of personal information held by your organisation. This is very important for financial record keeping, membership and private and confidential payment and private information.

Your board or committee is responsible for ensuring that all reasonable steps have been taken to ensure the law is observed. This does not mean you need to be involved in everything that happens on a day to day basis or watch over every employee or staff member. You should however, ensure you establish proper procedures for everyone to follow – in order to prevent legal breaches – and ensure there is a monitoring system in place.

## BY-LAWS AND POLICIES

You can place almost anything within a constitution; however many aspects of your organisation's operations are more easily handled outside the formality of the constitution. The rules in your constitution should relate to the administration of the organisation. They should not relate to the conduct of the activities of the organisation. Instead, include additional non-administrative rules in regulations and by-laws. Your constitution should refer to the board having the power to formulate issues, adopt, implement and amend regulations for the proper advancement, management, administration of your organisation.

### TOP TIP

The Australian Sports Commission's (ASC) "*Governance Principles: A Good Practice Guide*, provides guidance on how a sporting organisation's board/committee members should operate and enact their role.

**Principle 1.8** states that national sporting organisations and their member bodies have aligned objects and purpose to ensure effective and efficient achievement of sport outcomes.

It is critical that member bodies within a sport operate as if they were one body working towards the same outcome to deliver effective products and services to its members and stakeholders. Check in with your state



&/or national body, to ensure that your organisation's regulations are drafted in accordance with state/national policies. Often your state and national body will have policies in place that your organisation can adapt rather than developing your own from scratch.

The proper administration of your organisation largely revolves around your organisation by-laws and policies, which establish the legal and administrative practices of the organisation. Well drafted and regularly reviewed and updated by-laws and policies are a sound risk management tool in themselves. They are your organisation's first line of defence and should be developed and treated as such. Adopting and developing by-laws and policies gives your organisation the framework to guide day to day activity within your organisation.

### **Benefits of by-laws and policies**

- People working in your organisation have a framework for action that helps them get on with the job they need to do.
- People in your organisation don't need to keep discussing and rediscussing the same issues every time they arise. It is much more efficient to document a well thought out decision in a policy or by-law so it can be applied to many similar cases in future.
- They help your organisation meet legal and other requirements more easily.
- They are a useful tool to guide quality improvements.
- They help your organisation comply with accreditation standards.

**Please note, this help sheet has been prepared as a guide and should not be taken as financial or legal advice. It is recommended that you seek professional financial or legal advice in all matters of compliance specific to your organisation's needs.**

Acknowledgement to <https://www.sportaus.gov.au/> for extracts and references in this infonet.

## Corporate Governance – Monthly / Quarterly / Annual Statutory Requirements

Area	Monthly	Quarterly	Annual	Comment / Notes
Payroll Tax	✓		✓	Only applies if annual payroll exceeds \$650,000 FY18/19 Refer to <a href="https://www.sro.vic.gov.au/payroll-tax">https://www.sro.vic.gov.au/payroll-tax</a> for updated financial year rates
PAYG	✓	✓		Applies for all organizations that employ staff. This could be paid quarterly in BAS or monthly through an IAS return
WorkCover			✓	Required if staff employed Only available through a few agencies Visit Worksafe at <a href="https://www.worksafe.vic.gov.au/">https://www.worksafe.vic.gov.au/</a>
BAS	✓	✓		GST registered if annual income exceeds \$150,000 (NFP only). If turnover below \$10m, you can select cash or accrual method. Depending on turnover, you may be able to lodge quarterly
FBT			✓	If employees are provided fringe benefits (ie: vehicle, gym memberships, etc) you are required to lodge and annual FBT return and include in employee statements.
Superannuation		✓		Obligations completed monthly/quarterly
Insurance			✓	May have insurance through affiliation with State or National body. Need to consider property insurance, management liability and public liability. Usually a national insurance scheme will allow a member to increase coverage above the basic cover provided.
Annual Audit & Financial Statements			✓	If you are an incorporated association through your state authority eg (Victoria -CAV), depending on your annual turnover, you may be required to have annual financial statements audited prior to presenting to members at your AGM.  An annual return is required to be lodged through your state authority eg Consumer affairs Vic (CAV) <a href="https://www.consumer.vic.gov.au/">https://www.consumer.vic.gov.au/</a>  This must be done within 5 months of your financial year end date. Extensions can be requested. <u>Tiers are based on annual income and determine the reporting and audit requirements</u> Tier 1 – less than \$250,000 Tier 2 - \$250,000 to \$1,000,000 Tier 3 – above \$1,000,000
Segregation of Duties				It is suggested that all payments through the bank must be authorized by 2 individuals and you need to use a bank product that can allow one person to enter the payment into the bank, authorize and then allow another person to login and authorize.  It is suggested that you have at least 3 authorised members and you will need 2 to process a payment.  The use of security tokens is advised as this prevents sharing of passwords to access banking as token changes every 15-20 seconds so it is required in addition to username and password.

*Acknowledgement to Sports Accounting Australia and VicSport for above extract.*

Incorporation <https://www.consumer.vic.gov.au/clubs-and-fundraising/incorporated-associations/become-an-incorporated-association/should-your-club-incorporate>