



FACT SHEET

Role of the Treasurer & completing audits

The treasurer is one of the most important positions in the Club/Society. They have the ultimate financial responsibility of the Club/Society and therefore an extreme element of diligence and honesty is essential. This is a job that can see anything up to \$50,000 going through the books in one year. So, before you let yourself in for it, it is important to realise what this position requires.

TWO GOLDEN RULES:

1. Account for Money Coming In and Going Out

All money going into and out of the Club/Society, must be receipted and recorded. In the case of expenditure, this involves a reasonable and genuine receipt plus an entry in the Club/Society's ledger book or spreadsheet. In the case of payment through the Club/Society's cheque account, a completed cheque stub must be made in the cheque book. On the other side, any money

received must also be recorded, again in the ledger book/spreadsheet, and a receipt issued from the official Club/Society receipt book.

2. Bank Money as Soon as Possible

ALWAYS bank any money received for the Club/Society as soon as possible. Also, if the Club/Society is keeping a cheque account, then cross all cheques not negotiable and be extremely careful to complete them, and the stubs.

PETTY CASH SYSTEM:

Most Clubs/Societies keep a petty cash system in addition to the main account. This has the advantages of allowing the Club/Society to avoid bank costs when all that is needed is something of small value (e.g., less than \$50).

Role of the Treasurer & completing audits

In order to establish a petty cash system, we suggest the following:

Step 1: Setting up the account

This will require an inscription in the main ledger book, this being a debit to petty cash. You will then need to credit your petty cash account book with the same amount.

Step 2: When cash is needed

People will either want money before they purchase good(s) or will require reimbursement for incurred expenditure. These should be set out in the petty cash account as either advances or reimbursements and relevant receipts should always be obtained, as the petty cash account will be audited. Thus, you should try to limit the use of the petty system and make sure use is known to yourself.

Step 3: Reimbursing Petty Cash

Whenever funds are running low you can write another cheque and transfer money from the main account into the petty cash account. Remember that the value of the docket must always equal the total petty cash float. Normal practice is to draw as much money into petty cash as is required to bring it to a set amount. For example, when the set amount is \$50, and the petty cash is at \$2.35, you would draw \$47.65 from your main account to bring petty cash back up to \$50.

When the year is almost over, and you think your job as Treasurer is over, **you must present a financial report for your Club/Society's Annual General Meeting (AGM)**. The best way to do this is to give

your members a financial statement describing income and expenditure, indexed into category types (i.e., memberships, social takings, and so on).

An example

Income & expenditure for the Self-Promotion Society

INCOME	\$	\$
Membership	400	
Social takings	1000	
BBQ takings	350	
TOTAL INCOME		1750

EXPENDITURE	\$	\$
Petty cash	70	
BBQ expenses	300	
Social expenses	800	
T-shirts	300	
TOTAL EXPENDITURE		1470

Net result for the year: \$280

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Reconciliation:

Opening balance	\$300
Income	\$1750
Expenditure	\$1470
CLOSING BALANCE	\$580

Finally, the last job for the Treasurer at the end of their term is to ensure that the new bank signatories for the Club/Society's bank account know the process required to changeover the bank signatures to allow access to the club/society bank account.

BASIC PRINCIPLES FOR TREASURERS:

1. Do not lend money, under any circumstances, to other clubs/societies or individuals within the club/society. The club/society owes its existence to its members and should only ever look after their valid interests.
2. Do not use the club/society's funds as a personal expense account.
3. It is vital to justify any spending on behalf of the club/society. It is necessary to attempt to match income with expenditure and prevent the club/society from falling into a serious and unnecessary financial position.
4. Always obtain a docket/receipt, to justify spending on behalf of the club/society.
5. Always provide receipts to those who give the club/society money, for whatever reason, as a further validation of how much income the club/society has (against how much it should have).
6. Ensure that there are at least two Executive signatories to the cheque account and that at least two signatures are required for any cheque or online banking to be validly processed. This is a requirement of Clubs/Societies Council policy and protects the position of the Treasurer and more importantly the finances of the club/society. It is also a good idea to make the Treasurer a required signatory for each cheque/online transaction.
7. The books/spreadsheet of the club/society should be kept up to date at regular intervals and not just at the end of the audit period, as typically playing "catch up" with the accounts is not practicable and tends to be a fruitless and inaccurate exercise.
8. The books must be audited annually by the Clubs and Societies Officer. Make sure that all relevant documentation is handed in to the Clubs and Societies Officer before you change over positions. If the club/society does not pass its audit, the Clubs/Societies Council Executive has the right to freeze funds and/or prevent re-affiliation to the Council.

Role of the Treasurer & completing audits

Audits of Clubs & Societies accounts

As Treasurer or a member of the Executive Committee, you should be aware that clubs and societies are required to have their books passed at audit by the TUU at the end of the year.

To assist with your audit please ensure that your books are presented on time and are complete. You will need to bring with you all the relevant documents to cover the entire period since your last audit.

This includes:

1. Balanced statement of income and expenditure;
2. Journals/spreadsheet of payments and receipts;
3. Either: (a) Cheque book(s)
(b) Deposit book(s)
(c) Bank statements
(going back to your last audit)
(d) Previous years certificate of audit;
4. Original receipts to vouch for payments made together with records of (and vouchers for) petty cash transactions.
5. Duplicate receipts for monies received, including membership fees.

Following your audit, the Clubs and Societies Officer will issue to you a certificate of audit. This may be kept as your proof of audit (for your re-affiliation in the following year).

If your club or society has any problem maintaining their books in the appropriate manner, please contact the Clubs and Societies Office on (03) 6226 2854 or email the Clubs and Societies Officer.

DETAILED REQUIREMENTS FOR AUDIT

Cash Receipt Journal/Spreadsheet
ALL money received must be receipted in a numbered duplicate receipt book. These receipts must be entered onto the cash receipt journal/spreadsheet. The receipts may be grouped together on the journal to enable simplification – e.g. assume that the first 15 receipts were for membership and totalled \$75, then the following can be entered onto the cash receipt journal/spreadsheet: under detail put “receipts 1-15” and under membership put “75”. Any grouping can be made on the cash receipt journal/spreadsheet as long as it is clear which receipts it is from and what it is for. Also ensure that when money is received, the receipt clearly shows what the money was for.

ALL items appearing on the cash receipts journal/spreadsheet must be banked. Again, this can be done in groups as long as it is clearly marked on the cash receipts journal/spreadsheet.

Role of the Treasurer & completing audits

Cash Receipt Journal

DATE	DETAILS	RECEIPT NO.	MEMBERSHIP	HIRE	TUU	FUNCTIONS	SUNDRIES	DATE BANKED	AMOUNT BANKED	TOTAL
<u>TOTAL</u>										

Cash Payments Journal/Spreadsheet

ALL withdrawals/cheque payments must be entered onto the cash payments journal/spreadsheet, EXCEPT those for petty cash. Withdrawals from the bank for petty cash must be entered onto the petty cash receipts journal/spreadsheet. ALL petty cash expense must be entered only on the petty cash payments journal/spreadsheet. ALL non-petty cash payments must be entered onto the cash payments journal/spreadsheet only. Withdrawals from non-petty cash payments should be split into individual payments. Receipts of payments must be kept. If no receipt is given when a payment is made, then there must be a written authorised note stating what the payment was for and why no receipt was given.

ALL entries on the cash payments journal/spreadsheet must have corresponding receipts. It would be a good idea to write numbers on the receipts which numerically correspond to the entry on the cash payment journal. ALL money withdrawn from the bank must be accounted for. If more money was withdrawn than needed for a payment, then a note should indicate which date the balance was re-deposited into the bank.

Role of the Treasurer & completing audits

Cash Payments Journal

DATE	DETAILS	CHEQUE NO.	HIRE	EQUIPMENT PURCHASES	FUNCTIONS	GRANTS	BEVERAGE	FOOD	GENERAL	TOTAL
<u>TOTAL</u>										

Bank Reconciliation

Usually a bank reconciliation is very straight forward. If you start with the balance from your last audit, add the cash receipts and subtract the cash payments you should get to the balance on your bank statement. If you do not know the balance from your last audit email or call the Clubs and Societies Officer to confirm. Sometimes the bank balance will differ. This may be due to cheques that have not been presented to the bank – a simple look at the bank statement should show you this.

If you use a petty cash system the above applies except that the balance from your previous audit, plus the cash receipts minus the cash payments minus the petty cash payments should equal the bank balance plus your petty cash balance. If it does not, then it is due to cheques that have not been presented to the bank or deposits that have not yet been deposited.

Also, you may have accounts on your cash receipt journal/spreadsheet that you have not yet banked. If you take your bank balance, add on any amounts not banked and subtract any payments that have come through the bank, the balance should equal that of your cash book/spreadsheet (balance previous audit plus receipts minus deposits).

Role of the Treasurer & completing audits



Petty Cash Receipts Journal/Spreadsheet

The only receipts that should be included in the petty cash receipts journal/spreadsheet should be money withdrawn from the bank. The theory behind having a petty cash system is that money is withdrawn from the bank and kept as a handy fund so that small expenses can be paid from this fund. Any money received (except money withdrawn from the bank for petty cash) MUST be receipted and entered into the cash receipt journal/spreadsheet.

Petty Cash Receipts Journal

WITHDRAWALS FROM BANK

<u>DATE</u>	<u>AMOUNT</u>
<u>TOTAL</u>	

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Petty Cash Payments Journal/Spreadsheet

ALL small payments made from petty cash must be entered onto the petty cash journal /spreadsheet only. Non-petty cash expense must only be entered onto the cash payments journal /spreadsheet. Receipts for petty cash expenses must be kept. These receipts tie up to the entries onto the petty cash payments journal/ spreadsheet. Numerical numbering of receipts that correspond to entries on the petty cash payments journal/spreadsheet will make cross-referencing easier.

Petty Cash Payments Journal

<u>DATE</u>	<u>DETAILS</u>	<u>AMOUNT</u>
<u>TOTAL</u>		

Petty Cash Reconciliation

At the end of the period you must count the money you have in your petty cash. The petty cash reconciliation is similar to a bank reconciliation. If you begin with your petty cash balance at the end of your last audit and add any money withdrawn from the bank for petty cash, subtract all your petty cash expenses then the total will equal the money you have counted.

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Petty Cash Reconciliation

CLUB/SOCIETY Name:

DURATION: from (date of last audit) to

Balance as per last audit	0.00
Add Petty Cash Receipt Journal	0.00
Subtract Petty Cash Payment Journal	0.00
BALANCE PETTY CASH BOOK	0.00
PETTY CASH COUNT	
Note: At the end of the period the petty cash must be counted. This should balance to the "BALANCE PETTY CASH BOOK"	