

Summary Report for financial review of Cove Sports and Community Club

March 2018

In January 2018, Council engaged a financial management consultant to review the Cove Sports and Community Club's financial records, systems and processes, and provide a summary report on the clubs' current financial status and recommendations for the future.

The investigation included:

- an appraisal of up to date financial records
- an assessment of the roles of the Club Manager, Book Keeper and Treasurer
- working relationship with the Board
- running of the bar (controls, cash handling, licensing, patronage etc.)
- affiliated club issues (being Soccer, BMX, Football, Netball x 2, Cricket)
- any other issues flagged or identified

The main findings are as follows:

- The Club Manager is part time and there appears to be an expectation of covering too many bases and focusing on issues that the board should be addressing (such as finances, affiliate club issues and the associated politics).
- There is no clear job description for the Book Keeper who comes in to do the accounts as requested. The Book Keeper has had no contact from the Treasurer since the new Management Committee commenced.
- No financial audits have been conducted for the past two financial years (2015/16 & 2016/17). Previous audits were conducted by the father of a footballer.
- An asset register does not exist at the club. Depreciation entries have not been processed for 2 years (2015/16 & 2016/17). The previous auditor must have a register as he produced a depreciation schedule.
- The financial controls from the cash taken over the bar/dining and the resultant cash payments appear to be sound.
- Authorising of payments is increasing from two persons to three.
- The kitchen is leased to the Cove Tavern for meals on Thursday, Friday & Saturday night for dinners – March to September. The financial benefit is unknown.
- The financial reports for 30 June 2017 at the AGM were unaudited and not of a standard required for the EOY reporting or a standard committee meeting.
- The Book Keeper was asked to attend a committee meeting to present the accounts however was not told that it was an AGM. This required final accounts as at June 2017 and with a lack of preparation many questions went unanswered.

- Financial reports are only provided on request.
- Management committee meetings are held bi-monthly.
- Affiliate fees do not cover the fixed costs for their respective areas.
- A small rise in the price of drinks would have quite a positive impact on bottom line without changing the volume bought.
- Approximately \$3,000 in petty cash is not kept in the office safe as no-one knows the combination and a locksmith has not been engaged.
- The Football, Soccer & BMX clubs are very slow payers of their affiliation fees. Approximately \$1,800 is owed at present. There seems to be lack of clarity as to who follows up with the clubs and any penalties that may exist.
- There is no internet at the club. This could be available as a (copper wire) telephone is installed.
- Cash has gone from \$24,405 as at 6/2017 to -\$6,207 in 1/2018. The current year losses will require an explanation in the absence of a cash flow statement.
- An amount of \$3,727 has been allocated to a suspense account, relating to payments for the balcony renovation and requested by the Chairperson (through the Club Manager). No invoices exist to substantiate these costs.

The consultant provided the following summary of key issues identified:

- Leadership from Chairperson and board is lacking.
- Communication appears to be a key issue between all parties and the board, including affiliate clubs.
- The Book Keeper has the ability to deliver more if requested.
- The Club Manager requires the capacity to manage but with clear delegation authority.
- The Club Manager's skills need assessing against a detailed job description.
- The Board has the responsibility to appoint the auditor. This must be rectified as soon as is possible.

Recommendations

Board Specific

- a) New constitution to be developed incorporating all modern clauses for management and affiliated clubs. This should include clauses on the affiliated clubs providing annual accounts to CS&CC Board.
- b) Chairperson, Secretary & Treasurer job descriptions to be updated.

- c) The board to meet at least monthly.
- d) Regular informal meetings between Chairperson & clubs.
- e) Develop a proper agenda that details the reports to be tabled monthly– financial, bar, grounds etc.
- f) Delegations policy for the Manager.
- g) The safe to be opened/made operational and used.
- h) The Board to develop a policy for affiliation fees and any penalties for non-payment.
- i) Create a general policy on the level of contribution the bar/dining is to produce. This would include a definitive costing of costs, which can be apportioned to the respective affiliated clubs.
- j) An auditor to be appointed once Book Keeper has inputted the EOY balancing entries. This person must be external to the club.
- k) The Treasurer should be replaced based on the lack of contact to- date.

Financial Specific

- (a) Monthly financial reports (including cash flow statement) detailing all reconciliations and explanations to be prepared. A standard reporting template to be established.
- (b) Full year-to-date financial statements to be prepared.
- (c) Review of cash payments to reduce the cash being held.
- (d) An asset register to be created and reconciled along with the associated depreciation schedule.
- (e) A revaluation of the assets may need to be undertaken, perhaps as part of a (partial or full) facilities audit.
- (f) Affiliation fee follow up process.
- (g) Costs should not be offset against income and vice versa. Currently one could not produce an accurate cost of goods sold amount. All the numbers are distorted.
- (h) Detailed budget to be prepared for financial year with assumptions and variables.
- (i) Capital expenditure budget prepared once they know all the current assets.
- (j) Cash flow budget over 5 years to be prepared showing grants dollars required and other fund raising opportunities.