



TREASURERS MANUAL

FOR REGIONAL COUNCILS AND CLUBS

Table of Contents

1.0	Introduction	4
2.0	Accounting Terminology	5
a)	Expenses and operating payments.....	5
b)	Cash-based accounting and accrual-based accounting.....	5
c)	Defining a Financial Year	6
3.0	Assets	6
4.0	Bank Accounts	6
5.0	Making Major Financial Decisions	6
6.0	Application of Income and any other monies raised	7
7.0	Management of Regional Council and Club Financial Transactions	7
a)	Management of Cheque books.....	7
b)	Reconciliation of Regional Council/Club Accounts	7
c)	Process for Receipting Income.....	7
d)	Management of Cash Income	8
e)	Cashbooks.....	8
f)	Private Pecuniary Profit Clause.....	8
g)	Internal Accounting Controls	8
8.0	GST	9
9.0	Annual Audit Process	9
a)	Provision for Review of Annual Accounts	9
10.0	Annual Accounts Format	10

11.0	Charities Commission Annual Returns	10
12.0	Annual Accreditation.....	11
13.0	Fundraising and Sponsorship	11
14.0	Effect of termination of Regional Council or Club Accreditation:	11
15.0	Retention of Financial Records	11
16.0	Risk Management and Best Practice	12
17.0	Appendices	12

1.0 Introduction

This Manual has been created to provide a “How to” for all our Regional Council and Club Treasurers.

The role of Treasurer for a Regional Council or a Club is probably the most important function on the Club Executive Committee. If the entity does not have robust financial management systems then it will be difficult for the other parts of the affiliate to operate effectively.

Special Olympics New Zealand is bound by the General Rules of Special Olympics International through an annual accreditation agreement. Nationally we are required to submit our financial information and so it is very important that any Regional Council or Club operates within the strict guidelines of the Financial Reporting Act 2013 and the Charities Act 2005. Non-compliance in terms of prudent financial management by any Regional Council or Club could jeopardise Special Olympics New Zealand’s accreditation license.

Regional Councils and Clubs are not legal entities in their own right. Constitutionally they are affiliates. Special Olympics New Zealand carries the overall financial liability for all our Regional Councils and Clubs. While we do review the Regional Council and Club accounts annually through the Charities Commission audit process, we rely on our volunteers to adopt good practices and integrity in managing any funding on behalf of the communities and the athletes they serve.

The Accounting Standards changed on 1st April 2015. The new reporting standards are part of a tiered system. In the case of our Regional Councils and Clubs, it is likely that these affiliates will fall under either Tier 3 (annual expenses are under \$2 million) or Tier 4 (annual operating payments are under \$125,000). There is less technical language used and guidance notes and optional templates are provided to streamline the reporting process. All Regional Councils and Clubs are encouraged to adopt the principles of these new reporting standards at all times in the management of their financial records.

We hope that you find this Manual useful. If you feel that there are any additional areas that should be covered then please let us know. As policies are amended, this Manual will be updated accordingly.

Thank you very much to all our volunteers for the valuable work you do to manage the financial requirements of your Regional Council and/or Club. It is greatly appreciated.

Best regards

KATHY GIBSON
Chief Executive Officer

2.0 Accounting Terminology

a) Expenses and operating payments

“Expenses” for the purposes of the reporting standards are the expenses of the Regional Council or Clubs’ day to day activities. Expenses do not include capital expenses - for example the purchase of fixed assets, adding to the value of an existing fixed asset or the repayment of debt. A fixed asset is something of significant value to an organisation that lasts longer than 12 months. Some examples of expenses and capital expenses are shown in the table below.

Examples of likely Expenses	Examples of likely Capital Expenses
Petrol	Motor Vehicles
Insurance	Land
Motor vehicle repairs	Buildings
Rent	Computers
Building Maintenance	Furniture
Fundraising costs	Office Equipment
Stationery	
Office Suppliers	
Printing	
Advertising	
Audit Fees	
Travel expenses	
Uniform costs	
Grants/donations made	
Volunteer costs	
Salaries and wages	

Further information is contained in the sample Chart of Accounts contained in the appendices.

b) Cash-based accounting and accrual-based accounting

Under cash-based accounting, transactions are recorded at the time that cash is received or paid, rather than when it is earned or incurred. Cash based accounting is typical in organisations where transactions tend to be small in number and size, and relatively uncomplicated. A cash book, which could be paper based or in an excel workbook, is usually used in cash-based accounting to record transactions without the help of an accountant.

Under accrual-based accounting, revenue and expenses are recorded when they are earned or incurred, rather than when cash is received or paid (for example, if a Regional Council or Club has had confirmation that it will receive a grant, but it has not yet been paid, this would still be recorded as revenue). Accrual-based accounting is typical in organisations where there are a significant number of transactions, recorded using accounting software like MYOB or XERO, often with the help of an accountant. Accrual-based accounting allows for concepts such as depreciation and bad debts.

In most cases our Regional Council and Clubs will be using a cash-based accounting system in their financial management.

c) Defining a Financial Year

In 2009, Special Olympics New Zealand moved to a calendar financial year. The financial year for all Regional Councils and Clubs runs from 1st January to 31st December in accordance with the requirements made by Special Olympics New Zealand under its accreditation license.

3.0 Assets

Individual items purchased by Regional Councils or Clubs with a value over \$1,000 (excl GST) are classed as an Asset and not an expense. Examples include sports and computer equipment. Clubs are to maintain an Asset Register and allow for depreciation of the assets on an annual basis. Regional Councils and Clubs should discuss the appropriate rate of depreciation with their Auditor (or IRD).

4.0 Bank Accounts

Treasurers are required to use the bank account established for the Regional Council or Club. The bank account for a Regional Council or Club should be arranged through a registered bank as agreed with the Special Olympics New Zealand but does not necessarily have to be the same bank as Special Olympics New Zealand.

The name of the account should be correctly named “Special Olympics (Club Name)” or “Special Olympics (Regional Council Name)”. While Special Olympics New Zealand recommends that the bank be one of the five main trading banks – namely BNZ, ANZ, Westpac, ASB or Kiwibank, it is acknowledged that some Clubs may wish to apply to local Community Trusts for funding support and may require Clubs to use their own banking network. In these cases, it is advised that the Club seek prior approval from Special Olympics New Zealand prior to opening a new bank account if it is not one of the five main trading banks mentioned above.

It is accepted that Regional Councils or Clubs may have more than one account with varying suffixes. One will be an operating account and others may be set up for savings or specific projects (such as a National Summer Games). The Regional Council or Club’s bank account shall not have an overdraft facility. From time to time Special Olympics New Zealand’s National Office may request copies of account statements. The Regional Council or Club shall forward account statements to National Office when requested.

5.0 Making Major Financial Decisions

Executive decisions committing a Regional Council or Club to a financial spend or to enter into a commitment or agreement to spend an amount exceeding \$1000 must be voted on by not less than three quarters of the total Executive. If numbers present at a meeting of the Executive amount to less

than three quarters of the total membership of the Executive, the motion in question must be deferred until a meeting can be called at which three quarters of the Executive is present. If the Regional Council or Club is unable to call a physical meeting of the Club Executive, then approval through a resolution can be sought and given through a circular resolution through electronic communication.

Copies of the resolution and outcome of the resolution should be kept with the approved minutes held by the Regional Council or Club.

6.0 Application of Income and any other monies raised

All monies received or collected by and on behalf of a Regional Council or Club and all income of the Regional Council and Club shall be applied solely in and towards the promotion of the aims and objects of the Special Olympics New Zealand in the Geographic Area of the Regional Council or Club.

7.0 Management of Regional Council and Club Financial Transactions

a) Management of Cheque books

Cheques must not be pre-signed under any circumstances.

The chequebook of the bank account shall be held by the Regional Council or Club Treasurer. All withdrawal slips drawn from the Regional Council or Club's account(s) shall require the signature of the Treasurer with a second signature required from the Club Chair, or, failing this another Member of the Club Executive approved by the Club Executive. If payments are made by electronic transfer then all accounts should be approved by the Treasurer and the Club Chair or failing this another member of the Club Executive approved by the Club Executive.

b) Reconciliation of Regional Council/Club Accounts

Treasurers are encouraged to actively reconcile accounts on ongoing basis for presentation at Executive Committee meetings.

c) Process for Receipting Income

Cheques and withdrawals shall only be actioned on receipt of invoices, statements or receipts at Club meetings or by resolution passed electronically by circular resolution.

A receipt must be written for all monies received including a charitable donation receipt for donations of \$5 or more where the donor wishes to apply for a tax credit. A sample Charitable Donation Receipt is included in the appendices and can be modified for Regional Council or Club use.

d) Management of Cash Income

From time to time Regional Councils and Club will receive cash payments (for example, for payment of disco costs, venue hire for sports training, raffles etc). The Regional Council or Club Executive, at a meeting must agree the designated member responsible for managing any cash income. It is important that any cash received is banked into the Regional Council or Club's nominated bank account as soon as possible (preferably on the next working day following receipt). The Treasurer is responsible for ensuring any cash income is recorded and processed in a timely manner.

e) Cashbooks

A cashbook (journal) should be operated by all Regional Councils and Clubs (whether electronically or manually) and should be updated regularly, or at minimum to time with receipt monthly bank statements to enable ongoing reconciliation. The cashbook records all receipts and payments. This includes actual money and cheques.

f) Private Pecuniary Profit Clause

All monies and funds received, raised or collected by or on behalf of the Regional Council or Club shall be distributed by the Regional Council or Club Executive in accordance with the agreed events and activities the Regional Council or Club undertakes. No member of the Regional Council or Club, or anyone associated with a member, is allowed to take part in, or influence any decision made by the Regional Council or Club in respect to payments to, or on behalf of, the member or associated person of any income, benefit, or advantage. Any payments made to a member of the Regional Council or Club, or person associated with a member, must be for goods or services that advance the charitable purpose and must be reasonable and relative to payments that would be made between unrelated parties.

g) Internal Accounting Controls

The Regional Council or Club will implement reliable internal control systems. The Regional Council or Club shall have written procedures, to be approved by its Regional Council or Club Executive, for protecting and accounting for all cash and other assets of the Regional Council or Club. All money received by or on behalf of the Regional Council or Club shall be paid to the credit of the Regional Council or Club into the Regional Council or Club's cheque account to provide an audit trail and ensure the proper reconciliation of the funds.

The Regional Council or Club shall maintain up to date financial records: cashbook, bank statements, invoices and receipts.

It is the responsibility of the Regional Council or Club Executive under direction from the Regional Council or Club Treasurer to ensure that all creditors are paid and all debtors meet their obligations.

8.0 GST

As Regional Councils and Clubs are not legal entities and Special Olympics New Zealand is liable for their financial liabilities, Regional Councils and Clubs must not apply to the IRD for GST registration. It is recognized that some Clubs have historically had GST registration approved by the IRD and these Clubs are the exception. Those Clubs that have historical GST registration must continue to give Special Olympics New Zealand confidence they are managing their GST compliance in full and on time. The Trust through the CEO has the right to review the GST process of Clubs at its sole discretion.

9.0 Annual Audit Process

The finances of the Regional Council or Club are subject to audit by the appointed Regional Council or Club Auditor each financial year in accordance with generally accepted accounting principles. The accounts will be presented at the Regional Council or Club's Annual General Meeting. A copy of the audited accounts at the close of the financial year must be submitted to National Office by 30th April to fulfil its external reporting obligations with the Charities Commission.

a) Provision for Review of Annual Accounts

In December 2014, the Special Olympics New Zealand Board approved the ability for Clubs (excluding those registered for GST and Regional Councils) to submit a request in writing to National Office for consideration to have a review of their accounts undertaken from time to time. If approved the audit review must be undertaken by a suitably qualified person who is someone who is currently practicing as an Accountant and has an accounting degree.

The minimum matters that a review must cover are as follows:

- Review of Financial Statements (Statements of Financial Position and Financial Performance) including differences in in the financial statements between the two financial years and review of cash receipts from fundraising activities and donations;
- Where there are cash transactions from fundraising/donations a review of the process undertaken by the club from receipt of cash to banking;
- Review of source receipt and payment documents;
- Further queries made and satisfactory explanations/assurances received (or explanations where not) in the case of any anomalies.

The Reviewer must be able to confirm in a statement in writing that they have:

- Reviewed the Statements (Statements of Financial Position and Financial Performance) and received satisfactory explanations for differences in the financial statement between the two financial years (the year under review and financial year prior);
- Reviewed source documents and obtained satisfactory explanations for any queries;

- Been able to verify all cash receipts from fundraising activities and donations *(or been unable to verify all cash receipts from fundraising activities and donations but have received assurances on that point)*;
- Not performed an audit and accordingly do not express an audit opinion;
- Noted any anomalies that have come to their attention that causes them to believe that the financial statements do not fairly present in all material aspects of the financial position of the Club and its financial performance and cash flows.

10.0 Annual Accounts Format

At minimum a Statement of Financial Position and Statement of Financial Performance is required from Regional Councils and Clubs to be submitted to the Charities Commission. A template in line with the Charities Commission annual return is included in the appendices. Other documents such as the statement of movement in funds and depreciation schedule may be included as part of the Audit/Review process.

11.0 Charities Commission Annual Returns

All Regional Councils and Clubs are affiliates of Special Olympics New Zealand. National Office manages the submission of annual returns to the Charities Commission on behalf of Regional Councils and Clubs to ensure timely and correct filing. Regional Councils and Clubs are required submit the Charities Commission documentation outlined below to National Office by the 30th of April each year as well as the Committee approved annual accounts.

To satisfy the Charities Commission annual return process all Clubs/Councils must complete **Form 4 – Annual Return**.

<https://www.charities.govt.nz/assets/Uploads/Resources/Annual-Return-Form-4.pdf>

Additionally if you have new officers coming onto your committee or change of contact details and/or removal of officers then you will need to complete and return the following:

Form 2 – Officer Certification – one form is required for each new officer (you can add however many committee members you like but Chair, Treasurer, Secretary would at minimum be sufficient). Please note the person doing the certification cannot be the new officer.

<https://www.charities.govt.nz/assets/Uploads/Resources/Form-2-Officer-certification-form.pdf>

Form 3 – Notification of Change – the areas that generally require attention are address and contact details and change to officers. Prior to completing this form the Charities Commission website listing for the Regional Council or Club to check the list of current officers and be sure to put at point 18 any officers you need removed (including the date they stopped).

12.0 Annual Accreditation

While the annual accreditation process may not be the responsibility of the Treasurer it goes hand in hand with the filing of the annual return documentation with National Office. To complete the accreditation process, in addition to receiving the documentation outlined under point 11.0 National Office also requires the newly elected/re-elected Club Executive Committee/Regional Council Chair to sign and return the Regional Council or Club Application for Accreditation. (This is outlined in the Club/Council Rules which can be found on the Member Only page on the website.) National Office would also like to receive a copy of the AGM minutes and Chair's annual report.

Once all the correct documentation has been received and processed National Office will provide Regional Councils and Clubs with their Certificate of Affiliation and Letter of Support.

13.0 Fundraising and Sponsorship

- A Regional Council or Club is permitted to fundraise in its Geographic Area. The Regional Council or Club is not permitted to fundraise outside of its Geographic Area without the permission of the Special Olympics New Zealand
- The Club may apply to organisations within its Regional Council's Geographic Area for funding, but must forward a copy all applications to the Regional Council.
- All funds collected shall be applied solely in and towards the promotion of the aims and objects of the Trust in the Club's Geographic Area.
- Any funds or income collected in the course of the Regional Council or Club's fundraising activities must be delivered as soon as possible to the Regional Council or Club Treasurer for deposit into the Regional Council or Club's bank account.
- The Treasurer must record the amounts raised by Regional Council or Club fundraising activities in the Regional Council or Club's financial accounts.

14.0 Effect of termination of Regional Council or Club Accreditation:

If a Regional Council or Club's accreditation is terminated, it shall cease being a Regional Council or Club for the purposes of Special Olympics New Zealand. In this event, the surplus assets, after payment of liabilities and expenses will be paid to Special Olympics New Zealand, to be held in trust for future Special Olympics activity in the former Regional Council or Club's Geographic Area.

15.0 Retention of Financial Records

Regional Councils and Clubs must retain all bank statements, invoices, receipts, cashbooks, accounts for not less than 7 years.

16.0 Risk Management and Best Practice

- All payments should relate back to an invoice or supporting documentation e.g. expense reimbursement form;
- Reimburse rather than give petty cash out in advance – this will ensure unused funds are not misplaced or lost;
- Pay out of pocket expenses to committee members/volunteers promptly;
- Where cash is received during fundraising events ensure it is kept separate from personal monies and is banked as soon as possible;
- Invoices should be paid in a timely fashion to ensure a supplier's continued goodwill;
- Cash and cheques received should be banked as soon as possible – money in the bank may earn you interest or reduce bank charges;
- Issue receipts for all money received unless impractical to do so.

17.0 Appendices

1. Position Description for Regional Council Treasurer
2. Position Description for Club Treasurer
3. Sample Chart of Accounts – Income and Expenditure
4. Sample Chart of Accounts – Assets and Liabilities
5. Sample Chart of Accounts – Working Example
6. Asset Register Template
7. Sample Charitable Donation Receipt
8. Statement of Financial Position Template
9. Statement of Financial Performance Template