

**Report to The Committee and Members of  
QUEENSTOWN CONTRACT BRIDGE CLUB INC  
2 November 2022**

**Scope and Purpose of Work**

At AGM of 18 October 2022 it was agreed that a requirement from the previous AGM, that the Club's Annual Report be reviewed by someone independent of the Committee, should be carried out.

The writer has agreed to undertake this task on the basis outlined in (a) A McIlrick's email to The Committee dated 19 October 2022, and (b) the issues raised at the AGM.

The review encompasses the financial year ended 30 September 2022. It includes (but is not limited to) examination of income and expenditures, the appropriate recording of all financial transactions, the keeping of background records for approval of same, the practical aspects of Committee control, and recommendations ensuing from this work.

**Disclosure**

The writer advises that he is not qualified as an Auditor, but has practical and professional qualifications in the banking and financial industries, and in the past has acted as Treasurer for this Club and others.

This review is undertaken on a "due care but no responsibility" basis.

**Records provided**

- Bank Statements (Cheques and Term deposits)
- Committee Meeting Minutes/Authorisations
- Supplier Invoices
- Payment Records
- Weekly Cash Accumulation Calculations
- Bar Inventories
- Bank Signatory Correspondence
- 2021 and 2022 Balance Sheet and Accounts
- Asset Register

## **CONTENTS**

### **1.00 Income**

- 1.1 Subs
- 1.2 Table Fees
- 1.3 Bar Takings
- 1.4 Tournaments
- 1.5 Other Income

### **2.00 Expenditure**

- 2.1 Payment of accounts

### **3.00 Recordkeeping**

- 3.1 Banking
- 3.2 Weekly takings

### **4.00 Committee Control**

- 4.1 Financial Reporting
- 4.2 Minutes
- 4.3 Bank account control
- 4.4 Operations manual
- 4.5 Committee meeting date recording

### **5.00 Assets**

- 5.1 Asset Register

### **6.00 Financial Performance and Financial Position**

- 6.1 Income/Expense Variances
- 6.2 Budgeting
- 6.3 Accounting conventions

### **7.00 General Comments**

- 7.1 Income Tracking
- 7.2 Resolving issues

### **8.00 Recommendations**

- 8.1 Bar takings
- 8.2 Table fees
- 8.3 Convenience cards
- 8.4 Bank signatories
- 8.5 Software systems
- 8.6 Meeting dates

### **9.00 Summary & Signoff**

## 1.00 Income

In general income is manually recorded, one page for each week, with individual counts for each category of income/event. This is split into income sources (cash, convenience cards) and income application (subs, bar takings, table takings etc.) before banking.

Currently a time-consuming job for the Treasurer, and un-necessarily complex to review. Treasurer's methodology is not in question. The quality and clarity of Members inputs to the Treasurer is.

### 1. Subs

These can be paid in cash to the Treasurer on club nights, or afternoons, or banked direct to the Club bank account with payers name in the reference field. The latter payments are picked up from the bank statement and then balanced off with the outstanding subs records and a receipt issued.

### 2. Table Fees

Table fees are collected in cash or by convenience card mark off. Handwritten notes are passed to the Treasurer for addition and reconciliation. Refer recommendations item 8 below.

### 3. Bar Takings

Collected in cash or by convenience card mark off. Surplus cash is passed with handwritten note regularly to the Treasurer for banking: no set amount and no way to balance cash with number/type of drinks sold.

There are no source documents to provide evidence that all bar takings have been banked, only a sum of cash handed to the Treasurer for banking. Crowe Audit of 10/12/20 noted that formal Audit concerns here have been documented since 2014, but no action has been taken in this regard to date. Refer recommendations in item 8 and Appendix 2 below.

NB: 9 November 2021 Committee Meeting minutes evidence rules and guidelines for use of Convenience Cards: also a bar tally procedure has yet to be put in place.

### 4. Tournaments

Fees are collected on the day and accounted for separately, with a small Tournament Reconciliation sheet compiled. Proceeds seen to be banked to account.

### 5. Other Income

Recorded and accounted for as received.

## 2. Expenditure

### 2.1 Payment of accounts

All payments are made against formal Supplier Invoice. Each Invoice is broken down into and applied to the individual disbursement categories shown in the Annual Statement of Financial Performance.

Copies of all Invoices are retained and filed for audit. A representative sampling of Invoices \$amounts have been checked against Committee meeting Minutes AND banking statements. No errors or omissions found.

### **3.00 Recordkeeping**

#### **3.1 Banking**

A representative sampling of Treasurer Reconciliation Daily totals (section 1.00 above) have been checked against bank account records and no errors or omissions have been found.

#### **3.2 Weekly takings**

A random sampling of banking deposits have been checked for correctness.

While some amendments and changes have been noted in the handwritten compilation of Treasurer's banking calculations, there have been no substantial errors or omissions made and all recorded income has been banked to account.

### **4.00 Committee Control**

#### **4.1 Financial Reporting**

The Committee remains responsible for the proper processing and recording of all financial transactions. To this end the Treasurer undertakes day to day responsibility, acting under rules and conventions decided upon by the Committee.

The Treasurer has supplied the Committee a printed bank reconciliation at each of their meetings. An up to date Statement of Financial Performance and Statement of Financial Position are also tabled.

These reports have been professionally compiled. There are two approval tables submitted: (1) payments to be approved in hindsight and (2) approvals required before payment, at the meeting.

Each Treasurer's Report is tabled for discussion and approval.

#### **4.2 Minutes**

Committee Meeting Minutes, including the Treasurer's Reports, have been signed off by the Committee at each meeting.

#### **4.3 Bank Account Control**

The Committee has given the Treasurer alone the authority to pay invoices online.

While it is usual for Club payments to be authorized by two signatories conjointly, and this may be arranged to be made when online as well, the discretion given by the Committee to the Treasurer in this instance does provide a degree of autonomy provided the amounts are limited to a certain reasonable figure per payment. The Constitution sets this figure at \$1,000.

This discretion should be signed off each year by the Committee in formal meeting, although it is covered in the Queenstown Bridge Club's recently revised Constitution.

Confirmation of the change of Signatories subsequent to the AGM of 18 October 2022 has not been sighted.

- 4.4 Committee meeting 9/11/21 minute item 7 indicates that an Operations Manual is to be written. Copy not provided for this Review.
- 4.5 Date of last Committee meeting is still not being recorded in meeting minutes as per Crowe Audit of 10/12/20

## **5.00 Assets**

- 5.1 Asset Register  
This has been assessed for correctness and the application of depreciation calculations.

While physical inspection of individual assets has not been formally made, all appears in order, and the writer has sighted most assets listed while at Club events.

## **6.00 Financial Performance and Financial Position**

- 6.1 Income/Expense Variances  
A number of unusual swings in income and expenditure categories in the year under review have been noted.

Most of these can be directly attributed to Covid lockdowns and slow recovery in attendance therefrom.

The theft of bar stock, and the subsequent need to purchase a new Fridge and bar stock is a valid explanation for that variance.

- 6.2 Budgeting  
A formal budget for 2022-23 has not been tabled. While this would be usual for most clubs, it is considered that the preparation of same would not be of material benefit to the running and performance of the Club.

- 6.3 Accounting conventions  
No matters of material uncertainty were noted.

No instances of fraud or non-compliance by Members was found

No changes or new accounting policies were adopted during the year apart from the introduction of Convenience cards.

I have identified no journals which require adjustment. How-ever note the comments in section 8.00.

## **7.00 General Comments**

- 7.1 Income tracking  
Discussion at the AGM, and this review of operations, has highlighted challenges in the collection and banking of income.

In review of the data provided, it is obvious that the Treasurer

- Has a high individual responsibility and workload to record and reconcile income streams: information is being provided using scraps of paper from a number of members, with no standard input formats.
- Is unable to reconcile Convenience Cards issue and use with any real accuracy, and is unable to strike an outstanding liability for Annual Account purposes
- Receives Bar cash of varying amounts on no regular timetable  
Prima facie there is a need to streamline the processes of income collection, to more professionally and accurately record income at source, to automate collection where this is possible, and to provide reliable data for preparation of annual accounts.

7.2 There are ways to sort out the above issues, and the Committee should investigate, and implement processes to resolve these.

Some suggestions for Committee consideration are provided in Appendix 2

## **8.00 Recommendations**

- 8.1 a standard system for recording Bar Takings should be instituted
- 8.2 a standard system for collection of Table Fees should be started
- 8.3 a full review of Convenience Card use should be undertaken, including a standard process to record issuance, acceptance, and monitoring of out standings so that the Club's liability in this regard can be measured and reported
- 8.4 Confirmation from the Bank should be held showing authorized signatories to the bank accounts. This should include a formal Committee Meeting Minute re authorization of individuals.
- 8.5 that the Committee investigate upgrading the current system of financial record keeping to the use of a software system such as Xero or similar. Prima facie this would deliver (a) more simplicity in transaction reporting and (b) the ability to more easily report data involved.
- 8.6 that the date of last meeting be recorded in each Committee meeting record

## **9. Summary & Signoff**

In my opinion the books of Queenstown Contract Bridge Club Inc have been kept in as good and accurate manner as is possible under current arrangements.

I have found no material omissions, misstatements or inaccuracies in preparation of the Annual Accounts apart from the comments above. They have been presented fairly, in all material aspects.

I consider A McIlrick's emailed comments to be both relevant and of substance.

The Treasurer is to be commended on the professional presentation of financial information Reports to Committee meetings.

Prior to completing this review I quizzed Sue Wilson on several items, and in discussion she offered comments: she has kindly agreed that these can be included in Appendix 2. This will give the Committee more “grist to the Mill” for consideration while making decisions.

R H *Caldwell* F FIN

(Fellow, Financial Institute of Australasia)

## Appendices

1. Copy of Email d/d 19//22, A McIlrick
2. Options to improve financial record keeping

### **Appendix 1**

**Email A McIlwrick**

Wed,  
Oct 19,  
10:24  
AM

“At the AGM last night it was acknowledged by Chris that the committee agreed with the requirement from the previous AGM that the clubs annual financial report be reviewed by someone independent of the committee .

There was no resolution for the appointment of someone last night to do this. I talked with Robbie later in the evening and he is prepared to do this.

I believe that it is essential that this be done and that the committee report back to the members ASAP as to the results.

My query as to the treatment of the outstanding concession cards balance was dismissed. I doubt if this would have been accepted by an independent auditor. It should be treated in the accounts as a liability.

The outgoing treasurer noted that due to distractions it was difficult to always get the table money reconciled. When I have been at the table with Anna I have noted that she has immediately reconciled the takings prior to play commencing, I am sure that there will be no issues going forward.

Whether we continue with cards or go with vouchers I suggest that members only pay for these via internet banking. It is also essential that the use of the cards/vouchers for bar purchases be recorded and reconciled.

Regards

Alistair McIlrick

## **Appendix 2: Suggestions/Options to improve financial record keeping**

**Table Collections** It is suggested that whomsoever collects Table fees complete the following form and give it to the Treasurer with the cash involved as soon as possible after collection.

Table Collections

\_\_\_\_\_ (day)

\_\_\_\_\_ (date)



Cash	Notes	\$			
	\$2	\$			
	\$1	\$			
	20c	\$			
	10c	\$			
			\$		Cash collected
Convenience Cards proffered					
	_____ Total by \$5		\$ _____		Cards marked
			\$ _____		Total collections
Bar sales					
=					
Table Numbers: _____ tables = _____ Players by \$5			\$ _____		Total due
Completed by: .....					

**Bar Takings.** This suggested form allows more control over Convenience cards, and bar sales data.

Bar Takings \_\_\_\_\_ (day) \_\_\_\_\_ (date)

NB: Leave \$50 in \$5 notes in the tin for next weeks change. Balance given to the Treasurer as soon as you conveniently can....

Given to Treasurer:

A. Cash	Notes	\$			
	\$2	\$			
	\$1	\$			
	20c	\$			
	10c	\$ _____			
			\$		Cash given to Treasurer

B. Convenience Cards proffered

\_\_\_\_\_ Total by \$5 \$ \_\_\_\_\_

(bar staff record as each sale is made) \$ \_\_\_\_\_ Total Bar Sales today.

Completed by: .....

**Convenience Card use**

These are not Concession cards, those provide a reduced cost for purchases to the holder. How-ever many members appear to like their Convenience. But they do cause challenges in accounting for their use, and there is a lot more administrative time involved if proper accounting records are to be kept.

In my opinion, the benefits of their use by Members are far outweighed by the disadvantages and extra work by Club Administration.

However if they are to be retained, a suggested accounting/recording treatment is shown below:

**Convenience card Accounting**

	<u>Number</u>	<u>Value</u>
Cards in use at start of period	_____	\$

New cards issued during the period	_____	\$	
Total cards on issue	_____	\$	
<u>Less</u>			
Table fees card use during period	_____	\$	
Bar purchases using card during period	_____	\$	
Cards in use end of period	_____	\$	= Current Liability

### **EFTPOS Machine Use**

If the Club wanted to use an EFTPOS machine at the bar during club events, I understand that it could be configured to "sell" convenience cards, and to take payment for Subs, and for drink purchases, so that individual income items could be tracked and reported automatically.

However, should it be used to pay for drinks this would actually increase Treasurer's reconciliation work so in my view may not be a good idea?

Cost to my mind would most probably outweigh benefits: challenges would be

- Correct machine use by "newbies"
- Paper roll purchase and installation in machine
- Time to record bar purchases when they are busy
- Lease or purchase machine cost
- Bank charges
- Treasurer's time in reconciling strip tapes and recording

### **Treasurer's Comments**

Reconciling takings on the night - in my view to do that the table money would have to be taken at the door - the system always followed at the clubs I played at in the UK!

When we collect table money at the tables often people are wandering around and, of course, there are those who are performing duties (scorers, directors). This exacerbates collecting the money correctly.

Collection on the door also gives the treasurer/person collecting the money more time to settle down and check it is correct well before play starts and therefore announce there is a shortage so the missing funds can be found. This system also requires the treasurer or her assistant to be there early.....possibly another problem!

Having an eftpos machine at the bar is risky as you mention to say the least! If we don't want to go the whole way with an eftpos machine, we change concession cards to vouchers.

One suggestion would be we adopt a voucher system for bar purchases, so people have to hand over a piece of paper or the cash, these have to be purchased online (say strips of 10 or 20). Table money is collected with an eftpos machine and collected at the door. Subs are only paid on line. All food for thought.



