

Summary

Definitions and explanations

- Sport clubs are regarded as non-profit organisations. This means that there is no profit motive. Their main purpose is to enable their members to participate in one or more types of sport.
- The constitution of the club stipulates how the club should be administered.
- Financial transactions are recorded in a cash book: Receipts and Payments
- ACCUMULATED FUND is an equity account that accumulates the surpluses/deficit of a club. Monies accumulated are used for the benefit of the members by improving facilities etc.
- Membership fees are paid by members either monthly, quarterly or annually. A membership register is kept.
- The number at the beginning of the year + new members – members deleted from the register = number of members at the end of the year.
- Number at the end of the year \times membership fees for the year recorded in the INCOME AND EXPENDITURE account.
- This is an income account.
- Entrance fees are paid by members when they join the club. Entrance fees can be regarded as current income or can be capitalised (ACCUMULATED FUND) or both. Entrance fees is an income account.
- AFFILIATION FEES is an expense account. It is an amount paid by members of sport organisations.
- HONORARIUM is an expense account. It is an amount paid to chair/secretary/treasurer for the services rendered. This is only a token of appreciation for the work done.
- Surplus is earned when receipts exceed payments or income exceeds expenses.
- Deficit is calculated when payments exceed receipts or expenses exceed income.

Ethics

- No individual in the club should gain/profit from the club, for example, the chairperson should not get kickbacks when purchasing refreshments.
- Honesty. The club deals with public funds therefore committee members should treat all income according to proper controls.
- Openness and transparency. The books of the club should be available for scrutiny by its members.
- Respect. No discrimination based on race, sex or ethnicity. Office bearers should treat all the members equally and show respect for those who volunteer.

Internal control

- Proper policies and procedures. Official responsibilities and the management of and respect for assets should be incorporated into the constitution.
- Officials should be accountable for all programs and finances of the club.
- They should also be accountable to the contributors, members and government regulations.
- A budget should be prepared and presented to its members each year for approval. Actual receipts and payments should be compared to the budgeted figures and variances should be shown.
- The issuing of cheques should be authorised by at least two persons. No blank cheques should be signed.
- Division of duties. Receiving and recording of membership fees and other income should be handled by different people. Checks and balances should be in place for the handling and banking of income. This should avoid fraud/embezzlement of monies.
- Reconciliation of membership fees, entrance fees, donations received and payments made should be done on a monthly basis.
- Person responsible for petty cash should ensure that proper vouchers are completed before payment is made.
- The club should get their books and financial statements audited by an external auditor.