17. Insurance

What is insurance?

Insurance is something you buy to protect against financial loss. By paying an ongoing fee (“premium”) to another party (“Insurer”) you agree that should a particular risk happen, the Insurer will cover the costs of that risk. If nothing happens, the Insurer keeps the fee.

Insurance policies are usually quite specific and the type of insurance you get will depend on the type of risk you need protection from. For example, if you go on a driving holiday you should have comprehensive car insurance, but if you’re taking a plane, you would need travel insurance.

What protection does my Club have?

Arc does not provide any insurance cover for Clubs.

Most Clubs are unincorporated. This means that the Club has no separate legal identity; it’s just a group of people with similar interests working together. So Executive members of Clubs that aren’t incorporated can be personally sued in the case of an accident occurring at a Club event. Liability is fault-based so a person would need to establish that the Club was at fault (negligent) and is responsible for the injury.

The risk of liability increases with the level of negligence involved (was the risk foreseeable and was enough done to prevent the risk being realised?) so it is important that a risk assessment is done for every Club event and potential hazards are minimised.

A “risk” is more than just someone falling over. Clubs may be exposed to claims for negligence, theft of property, fraud, bad professional decisions, discrimination and harassment and copyright infringement.
Should my Club have external insurance?

If your Club decides to incorporate, you should be aware that incorporation doesn’t come with automatic insurance protection so you’ll need to decide if it is worth purchasing insurance. Clubs don’t have to have insurance to be incorporated but it may be a good idea to investigate what policies may be appropriate to your Clubs activities:

- Public liability insurance (to protect members of the public from negligent acts of the Club)
- Directors and officer’s liability insurance (to protect against wrongful acts of the Executives e.g. a breach of a professional/statutory duty or fraud)
- Personal accident insurance (to protect Club members against the financial costs of accidents and injuries)
- Property insurance (to protect against theft or loss of Club property)

The main risk to Club Executives is that someone will sue them for an injury or loss (but your Club’s risk assessment process will identify the specific risks the Club is exposed to). Clubs who organise regular events off campus where the likelihood of someone getting hurt is high, should give it serious thought.

However, if your events are well planned and you take all necessary precautions (like completing a detailed risk assessment so that facilities, equipment and environment are safe) to make sure that risks are minimised, it might not be an expense that your Club needs to spend.

If your Club is unincorporated, insurance can only be purchased individually (rather than on behalf of the Club) and the same types of policies aren’t available.

UNSW Personal Accident Policy

Clubs may also have access to UNSW’s Personal Accident Policy. This policy applies to full and part-time students, on or off campus, while acting in the interests of UNSW or involved in UNSW business. The nature of the event will ultimately determine whether the coverage applies to Club-related accidents. For example, a harbour cruise is not likely to be considered “UNSW business” whereas Club members participating in a recognised overseas competition would probably have cover.
It is also a question of whether UNSW was aware of and approved the event or activity. Events that have Faculty backing would likely be covered.

The Personal Accident Policy only applies to physical injury or death and not sickness, illness or disease. It does not apply to students under the influence of drugs or alcohol at the time of the accident, claims indirectly arising because of drugs or alcohol, or illegal or criminal acts.

FAQs

Are Arc affiliated Clubs covered under Arc’s insurance policies?
Arc affiliated Clubs are not covered by Arc’s insurance.

Can members of Arc Clubs be personally sued for negligence?
Members of the Club can be personally sued if they are negligent (e.g. in providing a particular Club event) and that negligence results in injury to another person. Negligence isn’t the same as an accident – some accidents just can’t be avoided. Negligence involves acting without reasonable care and skill.

The best way to avoid this is to make sure that Club members are diligent in assessing and minimising obvious risks so that there is no negligence. Clubs can also take extra steps to limit the legal exposure of Executives by becoming incorporated.
Where can I find out more information?

General Insurance Information

UNSW Insurance
https://www.fin.unsw.edu.au/services/insurance/personal-accident

Not-for-profit Law: Risk and Insurance

Help!

Arc Legal and Advocacy: advice@arc.unsw.edu.au
18. Club Financial Management

Whether your Club has an annual turnover of $200 or $200,000, one of the biggest responsibilities of the Club Executives (and the Treasurer in particular) is to ensure that your Club funds are managed well. Good financial governance is an expectation of Arc and (no doubt) your Club members and there are certain things that need to be in place to ensure good financial governance. Requirements include dual authorisation on all Club bank accounts, transparent Club Financial Reports presented at AGMs and documents provided promptly for Club financial reviews.

For the day-to-day financial management of your Club, there are a few main things that you should keep in mind:

**Good Financial Governance**

- Clubs should not hold more than $200 in petty cash.
- Any payments to the Club made in cash should be banked immediately.
- Clubs should issue a receipt for any payment or receipt of cash.
- For all purchases made, the Club should attain and retain a full tax invoice of the purchase. It is a good idea to scan receipts immediately and keep a digital copy for handover purposes.
- Every financial transaction should be recorded in a way that makes it easy to access and review at a later date.
- Club financial records must be made available to any Club member upon request.
- Any large purchases, expenses linked directly to the Executive or any issues with Club financials should be fully disclosed to the Club at the AGM.

**How to maintain your Club’s financial records?**

The Treasurer has a responsibility to ensure that all Club financial records are maintained and kept up-to-date. These records should detail any income or expenditure conducted through the Club bank account or through petty cash. For simplicity, it is suggested that Club maintain a record for each funding source (i.e. one general ledger for your bank account and one for your petty cash). These records should be updated immediately after each transaction (allocate some time each week) so that another Executive member would be able to step in and take over should the need
arise. OrgSync’s Treasury function allows Clubs to keep their financial records online for only the Executive to see.

We also have a Club Financial Template set up for this purpose which Clubs can access on Orgsync. Clubs can download this template and use it to keep up-to-date records of transactions. The template also has set formulas that will automatically feed into and display the Income and Expenditure statement. If the Treasurer has issues with the template or want to know more about how to use it, they can get in touch with us for assistance.

These financial records should include, as a minimum, the following information:

- the date (for cheques, the date the cheque was written)
- a description of the transaction
- details of payer/payee
- the amount
- the cheque or transaction number
- for payments, it is worth noting when the cheque was presented (i.e. deposited) and if the invoice has been saved/stored
- any further notes on the transaction

Records for petty cash need not be as complicated but remember, your Club should never hold more than $200 in petty cash. At minimum, you should record the following information:

- the date
- a description
- details of payer/payee
- the amount
- any further notes on the transaction

These financial records should be easily reconciled to your Club bank account and your Treasurer should be able to account for any differences (such as outstanding bills or uncashed cheques).
Financial Reviews

Clubs may be asked to undergo a financial review which will be conducted by the team of Clubs & Grants Officers. Your Club may be reviewed at random to check that your Club is being operated fairly and effectively, or you may be reviewed because we suspect some level of financial mismanagement.

All Club finances

If you are asked to undergo a financial review, your Club will be notified by email (to the Club general email, President and Treasurer) and be asked to provide the following information within fourteen (14) days:

- banking transactions from the past twelve (12) months (bank statements or account print-out)
- list of transactions made without your bank account (such as cash purchases/petty cash register)
- income and expenditure statements that indicate what each transaction links to

If everything is supplied and is in good order, the CGOs will have fourteen (14) days to review your finances and notify the Club of the outcome of the review.

If you supply all of the required documentation and information that we need by the deadline, there will be no practical effect on the operation of your Club, other than grant processing. While your Club should continue to submit grant applications, Arc may hold off processing them until your review is complete.

If you fail to supply all of the required documentation and information that we need by the deadline or you are deemed to have failed your review, your Club’s affiliation with Arc will be suspended until the issue has been resolved. If you fail your review, you will need to arrange a time to meet with the Student Engagement Coordinator (or their delegate) to discuss your Club’s financial management.

All Clubs Financial records are also reviewed during the reaffiliation period when the Clubs submit their reaffiliation application.

Information provided in this handbook is a guide only. We encourage you to seek further information and to seek advice for the best way forward for your Club.

Clubs Handbook
Last updated 8/1/18
Club Bank Accounts

Each time new Executives are elected (at an AGM or EGM), the signatories on the Club bank account must be updated, otherwise you will lose access to your Club funds. We recommend that you change your signatories at a bank branch on UNSW’s Kensington Campus, as they are most familiar with the relationship between Arc & Clubs, which will make the process quicker and easier. You should always have three signatories, with only two required to authorise any transaction from the account. This ensures that your Club can still access its funds if one of the signatories is away. Keep in mind that one of these signatories must be the Treasurer.

When you go to the bank, make sure to bring:

- All of the new signatories with their photo ID (mainly passport or driver’s license).
- The completed relevant form from your bank. The names of your new signatories on this form should exactly match the name on their photo ID (including all middle names).
- The minutes of the Club AGM (or EGM, if relevant) where the signatories were elected to their Executive positions. Make sure that these minutes also contain the full names of your new signatories.
- A Bank Letter from Arc (detailed below).
- If you are setting up your bank account for the first time, you will also need to bring a copy of your constitution.

For New Clubs:

Once your affiliation with Arc has been approved, a member of the Arc Clubs team will send you a Bank Letter that verifies your affiliation status and lists the signatories for your new account (as stated on your Affiliation Application – make sure that these names exactly match their photo ID). This letter will ensure that you won’t have to pay bank fees on your account.

For Existing Clubs:

Once your Club has submitted its complete Reaffiliation Application and the application has been approved (i.e. all documentation is submitted), a member of the Arc Clubs team will send you a Bank Letter that verifies your affiliation status and lists the signatories for your new account (as stated on your Reaffiliation Application – make sure that these names exactly match he name of their photo ID). This letter will ensure that you won’t have to pay bank fees on your account.
Making a Payment or Purchase

All payments made by your Club must be authorised by the Club Executive (no payments or purchases can be made by individual Executive members). Where possible, all payments should be conducted through the Club bank account. This is to ensure that there is an accurate record of all payments. For example, if a Club wishes to purchase Club t-shirts and collects cash to finance it, the Club must then bank the cash and pay the bill from the Club bank account as opposed to directly paying the shirt company in cash.

Similarly, if a Club Executive pays for the shirts and then the Club collects payment, the Club would need to bank the cash and then pay the Executive from the bank account instead of paying the cash directly to the Executive member. This is particularly relevant when Club make purchases that are difficult to pay directly from the Club (such as from a supermarket). Once again, in that situation the person paying for the item would need to be reimbursed from the Club bank account and not directly in cash. For small payments, petty cash can be used directly by the Club Executives to make purchases.

Receipts

It is recommended that Clubs keep originals or copies of receipts and invoices for their own records. It is a good idea to keep both a digital (scanned) and paper copy of all invoices to ensure that documents aren’t lost or become unreadable as receipts often fade.

You should ensure that, for any purchase your Club makes, you obtain an invoice that includes the following information:

- the company’s name
- the company’s ABN
- a clear description of purchases and quantities supplied
- the total amount paid
- GST information (including where tax is applied)
  - If the company is not registered for GST, the receipt or invoice should say “[the company] is not registered for GST”
- the date the invoice was issued
Your Club should not make purchases from companies if they are unable to provide an invoice, as it is important that you have all the details of purchases recorded. Keep in mind that you need to provide valid tax invoices if you are planning on applying for a grant from Arc (see Section 28). Details on requirements for tax invoices are available from the Australian Taxation Office website.

**Receiving Payments**

All funds received for your Club should be conducted through your bank account and recorded in your Club financial records. For most Clubs, funds could be received from:

- membership/subscription fees
- payment for merchandise (shirts, hoodies etc.)
- ticket sales (for Club events)
- sponsorship
- fundraising
- Arc Grants

In many situations, funds can be direct deposited into your Club bank account. This is usually much easier and prevents Executives from having to deal with large sums of cash. If funds are direct deposited, it is important to remember to update your Club financial records when the funds reach your account.

For cash payments, it is *fundamentally* important to ensure that you immediately bank any payments received. For example, if you are taking cash payments for membership fees during O-Week, you should be banking these funds at the end of each day, if not more often (especially if a lot of money is being collected).

Clubs can also look at online ticketing platforms such as Eventbrite or any other to sell tickets and collect money for events.

**Reimbursement**

Reimbursements must be made out to Executives and members of the Club that purchase things for the Club in a timely manner. The best way to go about this is to have the Executive team discuss and
agree upon the procedure and timeline for reimbursements in a meeting at the start of the Executive term.

For example, at the meeting it is discussed that for any large purchases/expenses, it is agreed on that the treasurer will be notified before making the transaction, that they should then be provided with the receipt of purchase anytime within the next 7 days, and that the timeline set states that all reimbursements will be made out on Friday of each week. If you do make a purchase in the week, make sure to send through the receipts to the treasurer on or before the end of Thursday, that way the payment will be made out on the Friday and if the receipts are not given in time they can then be paid out the coming week.

This is just an example and Executives should have a meeting at the start of the term to decide on a system with which all of them are comfortable and agree on. This information should be passed on to all the relevant people such as members making purchases for the Club.

**Budgeting**

To ensure that you are using your Club’s funding effectively, it is very important that your Club develops effective budgets. You should budget for the whole year, as well as for specific events that you organise to ensure that you are spending your money in the most efficient way and not spending more that you want to (and particularly more than what you have in your Club’s bank account). Good budgets ensure that your Club’s funding is allocated well throughout the year and on the matters that are of the highest priority for your Club, while also leaving funds for future years. While your budgets will never be perfect, it is important to get them as close as possible.

Budgeting works best when it is an ongoing process that draws upon the budgets and actual income and expenditure from previous years, which can and should be modified if necessary. If your Club has not created budgets in the past this process is more difficult, but it is still possible to look at the events run in the past, as well as major income and expenditure from previous years as a starting point for your budget.

**Yearly Budgeting**

Budgeting for your Club for the whole year should not be a difficult process. Here are some things you should consider:
• Current funds and expected income. How much money are you likely to have available to spend? This could include money in the bank, sponsorship and grant funding.
• Expected expenses. What are your likely expenses for the year? This could include events, money set aside for purchasing equipment, publications your Club produces from year to year and administrative expenses.
• Priorities. You should look over this basic budget and consider what is most important. Where can you save money and where would you like to spend more?
• Contingencies. It is always a good idea to budget for unforeseen expenses and the potential for shortfall in your income. It is also extremely helpful if you plan to leave a ‘carryover’ – a surplus of funds that remain in the Club bank account to assist future Executives at the start of their terms.
• Tracking and adjusting. You should compile your budget into a single document (usually together with your financial records) and refer to it regularly. This involves comparing actual income and expenditure to your budgets to see how they compare. If spending is higher than expected, you may have to consider cutting expenses elsewhere, if you have more money than expected, you can look at areas which might need more funds.
• Future planning. How much do you want to have available for future years (at minimum)?

Developing budgets is a collaborative process, so you should work with your whole Executive and committee. When you have developed and adopted a budget that your Club is happy with, you then need to all work as a team to ensure that you meet it.

**Budgeting for an Event**

For large and expensive events (such as balls, dinners, camps etc.), it is advisable that you develop a detailed budget specific to that activity. For many Clubs, the cost of holding events can be quite a large part of your annual budget. There can be a delicate balance between how much you can spend and how much money you collect, often with a lag-time between spending the money and getting it back (for example, in ticket sales or Clubs Grants). Some things to consider include:

• How much can the Club afford to spend on the event or activity?
• How much can the Club afford to lose if something goes wrong?
• How much is the Club likely to get back? You should always do your budget based on a conservative estimate of this – it is always better to make more than lose more.
• Have you considered absolutely every expense? Think the event through from start to finish and make sure that you haven’t forgotten anything. You should always allow room in your budget for unforeseen expenses.

• If the event has been organised by a sub-committee, has the Club Executive been kept informed of the events budgeting and planning? Is the Executive happy with the budget for the event? Is it in line with the Club’s annual budget?

• If you’re planning to apply for a Clubs Grant for your event, there are requirements regarding the ticket pricing structure at your event.

FAQs

How do change who has access to my Club’s bank account?

A bank letter is issued when a Club is approved for affiliation or reaffiliation, or when a Club submits an EGM form and specifies that the signatories need to be updated. Arc must be satisfied that the we will continue to support your Club before issuing the letter. This means that any concerns about your Club such as that its General Meeting and elections may delay the issuing of the letter. Refer to the Club Bank Accounts section above for more information.

Where can I find out more information?

Institute of Community Directors Australia – Financial Management and your Community Group

Related Documents

Clubs Handbook Section 0 –