

Trustworthy Treasurers

Choosing the right person to oversee the money in your youth sports program is a major decision, one that can make the difference between a program that either flourishes or flounders.

Editor's Note: This is the second of a two-part series on how to protect your youth sports program from being embezzled.

One of the most important roles of a youth sports board is selecting the right person to be treasurer.

They don't need to be an accountant or a bookkeeper but they should be smart enough to operate simple financial software and they certainly should not be someone with known money troubles or the operator of a failing business.

So, while the person you choose to handle your league's finances doesn't need to be a CPA, good accounting practices can protect those finances as well as help the board manage its money better.

The use of accounting software can be as sophisticated or simple as the needs of the organization and the abilities of the treasurer may require. The cost is easily within the range of even small organizations.

When it comes to a league's finances, it pays big dividends when administrators and board members are familiar with accounting practices, account controls and dealing with budgets – and know what to be on the lookout for to ensure that their program isn't driven into financial ruin.

Accounting Practices

- Checking accounts should be reconciled monthly
- Reports should be clear and consistent. Frequent changes in names of accounts or the application of funds to those accounts is a red flag along with changes in accounting systems that aren't fully explained and justified.
- Entries should be documented and the documentation retained.

Account Controls

Every year, or as often as the board elects leadership, new signature cards for deposit accounts should be signed and copies provided to the board.

Access to the statements of the accounts should include more than just the treasurer and the other officers should have a procedure for periodically obtaining or reviewing account statements directly from the financial institution. Online banking is one way to do this.

Most banks now also have imaging technology that enables authorized people to see the actual checks that have cleared the account.

An officer other than the treasurer should spot check the payees shown on the register with the actual payees that received the check.

While a league credit card may be handy, it still requires the approval of the board to apply for one. A credit card is

a loan. It is the extension of credit to the organization and must be closely monitored.

If it is authorized by the board, the treasurer's monthly report should include the reconciliation of the credit card account and copies of the statement must be reviewed by the other officers of the league. If the card is used as a debit card, the officers should see the transactions in the bank statements.

Budget

A budget is, at best, a guide and a measuring device for the financial activity of the organization for the year. Going over budget in one expense means saving money somewhere else and those priorities are the responsibility of the board.

Both embezzlement and mismanagement can be avoided by a regular review of the budget expectations and actual performance.

Are registration fees less than expected? Then adjustments have to be made in anticipated expenses. Some parts of the program may need to be curtailed. If the fee receipts are higher than expected, then the board can consider additions to the program or banking the excess for contingencies.

The pattern is depressingly familiar in many cases of youth sports embezzlement. The president, treasurer or other financial officer of the organization gets in a financial bind. Their business may be in trouble or personal finances may be shaky. Whatever the cause, the individual "borrows" money from the league checking account to meet that pressing need with the full intention of paying it back in short order.

He or she knows they can do this, because nobody pays much attention to the reports they make at the meetings. But often the opportunity to repay does not develop and, in fact, further "borrowing" is required. At the outset it is rarely the intention of the thief to embezzle money, but converting the funds of others to your own use is a crime regardless of intention.

Football and hockey are especially susceptible because of the equipment costs and the funds needed to operate those programs.

Whatever the sport, the responsibilities of the board and officers are fundamental. They must pay attention to the program's finances. They must compare reports month to month and year to year. They must ask questions at meetings and whenever they don't understand what they're seeing. They must demand documentation to support explanations of exceptions.

Once business is taken care of, then the social nature of the regular meetings can prevail, but good business practice comes first. 

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