

Money Matters are serious matters.

Dear fellow members

As much as I was hoping to avoid openly detailing issues that underpin the upset in the administration department – calls for Special General Meetings, reinstatement and unsigned petitions doing the rounds have brought me to write this in the interests of clarification to the miss-informed and ill-informed.

It needs to be noted that any members approaching me during the past months were always informed of all the facts as I knew them. Please feel free to call me, should you feel I might be able to shed light on a question.

I became Treasurer of the club in October 2009 when Mr. Nick Mcfall, the then Treasurer, unexpectedly resigned, rightly citing his relationship with the Airfield Manager and his involvement with the Flight shop as a conflict of interest.

My discoveries on looking into the club's financial procedures and disciplines are below; in rough chronological order:-

The bar - given the mark-up of the drinks – the bar should be giving the club a GP of about 40%; the first month I looked at had a GP of 11%.

Findings:

No stock counts had been done since 1 May 2009.

The store room was not secure.

Cash takings were stock-piled and used as Petty cash and only banked when ‘too much’ was in the safe, sometimes in excess of R50 000.00.

Purchases were not recorded when the purchase was made or delivered, but only when paid.

Changes made:

Routine stock takes and stock monitoring was introduced.

Security of the stock holding was addressed.

Daily banking was introduced.

Accounting practices were normalised.

Outcome:

The bar has now not shown a loss for the last two consecutive months without increasing prices.

Fuel – The GP of the fuel was not constant, yet the mark-up was fixed (price fluctuations taken into account)

Findings:

There existed no routine check to ensure the amount paid to Shell related to the quantity of fuel received.

Meter readings were recorded per invoiced sale and the tanks dipped daily, but there was no reconciliation taking place between the two i.e. between physical fuel out of the tanks per the dip readings, and the invoiced meter readings.

The cash from the fuel was counted and included with the Bar takings. There was no reconciliation taking place to compare the fuel invoiced and the money ultimately banked.

Changes made:

A daily variance report between the dip and the meter readings is done by William.
Fuel deliveries are checked and signed and vouched to the invoice.
Money received is reconciled to the invoices daily.
Every invoice is automatically checked for quantity, pricing and casting errors.
Monies are banked daily and reconciled to sales.
A pressurized unmetered fuel outlet has been locked.

Outcome:-

The GP has stabilized and we are now no longer losing fuel that is not paid for.

Flying School: -

The Book-a-flight system was only partially being used.
It was sold that it could upload from Pastel and download to Pastel – however it could not upload.
There remains an unresolved VAT complication.
Some members managed to fly on Credit and recouping the monies proved difficult.

Changes made:

The computer interface was developed to upload from Pastel.
Draconian measures were introduced to ensure money was paid first before flying – these have been relaxed. Members can lodge Credit Card details and are billed automatically the following day.

The book-a-flight system with all its controls has now replaced the manual system.

Outcome:-

We have user friendly controls in place – we can soon draw statistics to make educated decisions.
With lodged CC details, money matters are behind the scene, and sorted.

Admin office: -

No sales reconciliations were taking place.
No petty cash reconciliations were taking place.
Unilateral access to the bank accounts existed.
Purchases were being incorrectly captured.
Sales were being incorrectly captured.
Banking was done on an ad-hoc basis depending on the amount of cash in the safe.
Transactions were sometimes incorrectly processed.
After trying for two months to reconcile we called for an independent opinion from KPMG.

Changes made:-

The chairman of the ensuing disciplinary hearing dismissed our bookkeeper.
Her replacement comes at no additional cost to the club. She has extensive accounting office experience. She holds two degrees. One being a Bachelor of Accounting Science. She has auditing experience and has done her articles.
We have moved to Nedbank with considerable savings to transaction costs, and account security.
Accounting norms and disciplines have been adopted.

Outcome:-

Data surprise - Fortunately we took a Pastel backup mid Feb. All Data was lost at month end.
Emotional nightmare – our dismissed bookkeeper is very well liked by many.

We have a number of VAT issues that have emerged due to irregular accounting practices; these are not insignificant and will need to be subtly addressed before any possible VAT audit takes place.

We are entering our fourth week with an accountant recommended by our auditors, who is trying to reverse and correct the numerous errors, and establish a basis on which to submit an overdue VAT return.

However, within days of you reading this, and after a lot of hard work, we will ultimately have a fully functional accurate accounting office. An office fitting of an organization that handles in excess of six million Rand annually, over one million of which is cash.

The Last word:

If I am to continue in my role as Treasurer; a bookkeeper that knows how to do the work is a prerequisite. The amount of work required does not justify two persons doing the work.

To those members who wish to reinstate / revert to our prior bookkeeping standards and situation; to you that are costing the club tens of thousands of Rands fighting to this end – should you succeed in your endeavors – I would owe it to you and myself that I resign as the club Treasurer and from the committee as well. This is a firm commitment.

Money business is serious business. I have put my money where my mouth is. I urge our vocal members who seem to let emotive issues overwhelm their better judgment to reconsider their opinions now knowing the facts.

I would hope that our members recognise that it is the job that takes place in administration that is important, and not whether the people involved are simply good company.

Yours sincerely

Mike Miller - treasurer.