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Financial management for community boards

Post-course webinar

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Reflections

What's one idea that will help your board in the short term?

Was there anything that you didn't fully understand?

What's the story?

What can your financial reports tell you about your organisation?

1. Staff leave provisions are increasing each reporting period on the balance sheet and staff leave expenses are much less than budgeted for.

2. Accounts receivable are increasing each reporting period on the balance sheet. Cash has been steadily decreasing on the cash flow statement and income is less than expected.

3. According to the budget vs actuals, donation income and admin and communication expenses are much lower than expected over the previous reporting period. Staff leave is much higher than anticipated.

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What financial information will help to answer these questions?

1. Can we knowingly approve a deficit budget and still meet our legal duties?
2. How long could we operate if our income suddenly dropped?
3. Are we using restricted funds correctly and safely?
4. Are we structurally profitable, or just getting lucky?
5. What future commitments are we locking ourselves into?

From reports to decisions

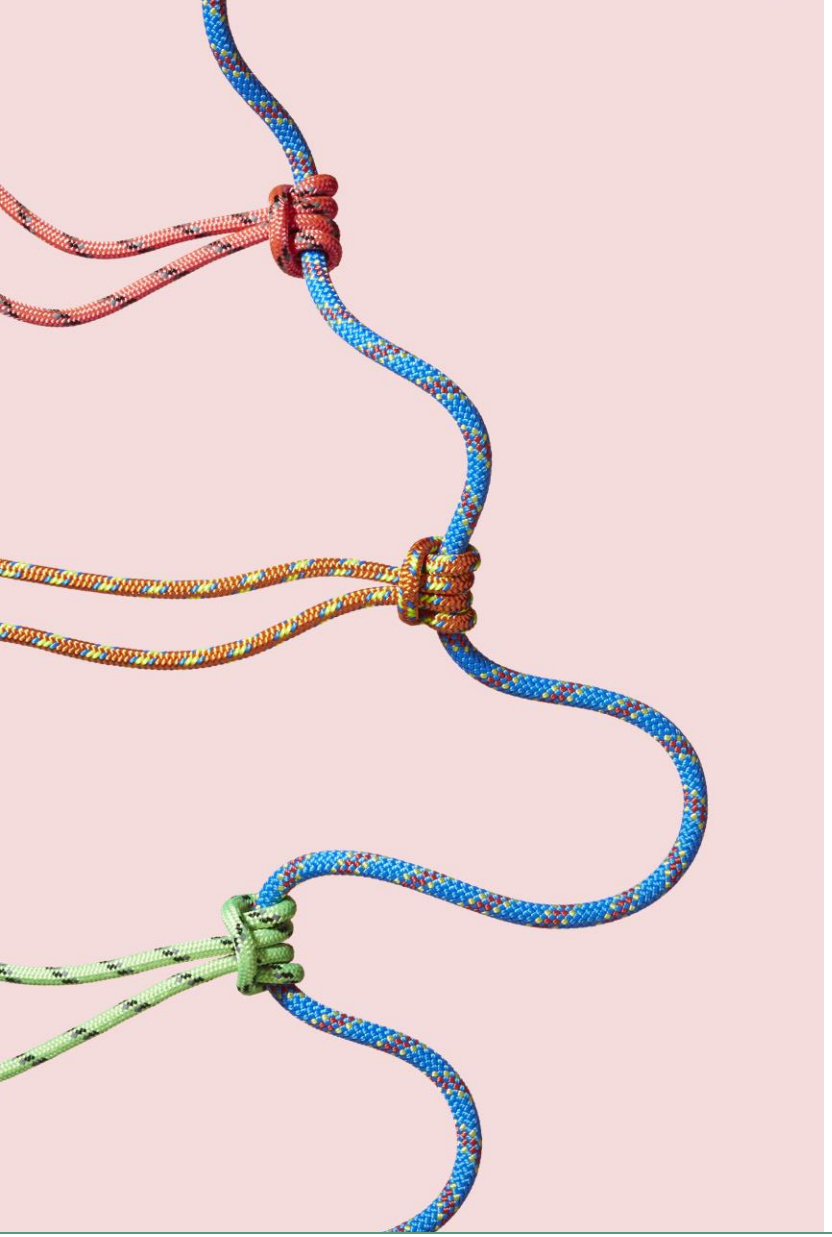
Home and Safe Inc. provides accommodation to clients who require short- to medium-term transitional housing. The board are deciding on a new cleaning contract for an apartment block it owns and operates. One of the key considerations in choosing a new contractor is that they must use environmentally safe products.

The board has three options to consider:

Option 1: Standard national for-profit company that offers the most flexibility around days and times available. Uses environmentally safe products. Least expensive.

Option 2: NFP company that retrains young people who have been involved with the youth justice system. Uses environmentally safe products. Most expensive (20% higher than Option 2).

Option 3: Employ clients currently living in the apartment block as casual cleaners. H&S would provide training and supply locally made, environmentally safe cleaning products. Current staff would manage the cleaners. Some concerns around reliability and quality control.



Strong governance relies on clear controls and accountability, including:

- clear financial delegations and approval processes
- separation of duties where possible
- regular review of bank accounts and financial access
- fraud prevention measures, even in small organisations.

What would you do?

On a Thursday between board meetings, the Chair receives a call from the CEO. The CEO asks the Chair to rapidly coordinate Board approval for an out-of-cycle payment of $48,000 to a key service delivery partner (‘Delivery Partner’). The CEO provides the following context:

- The payment exceeds the CEO’s financial delegation and therefore requires board approval.
- The CFO is on leave and cannot confirm the details.
- Delivery Partner has issued an invoice relating to grant-funded activity, but the grant acquittal is not finalised.
- Available unrestricted cash is tight this month.
- A restricted grant account contains sufficient funds (‘Restricted Account’). The CEO suggests using funds from Restricted Account to pay Delivery Partner, on the understanding that funds will be reallocated to restore Restricted Account’s balance as soon as possible.
- The bank would require two authorised signatories to complete the proposed transaction, one of whom must be a board member.
- Failure to pay before Monday may result in Delivery Partner suspending its services, and reputational damage to the organisation.

The CEO asks whether the Chair can approve the payment and arrange signatures via email over the weekend.

Think about your own board…

- What is one improvement we could make to financial reporting or discussion?
- Is there a policy, control or process that needs review?
- Are we using financial information to inform strategy, or just to meet compliance?

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Wrapping up

- Keep asking the right questions
- Consider the impact of your decisions – now, and in the short- and long- term
- Be conservative but not risk adverse
- The right decisions are not always easy decisions
- Trust, but validate
- You can delegate tasks but not accountability

Feedback



https://www.surveymonkey.com/r/2026FMCB