ASIAN
FOOTBALL
CONFEDERATION

FINANCIAL MANAGEMENT MANUAL – MEMBER ASSOCIATIONS



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CONTENTS

FOREWORD		5
1.	THE FINANCIAL MANAGEMENT MANUAL	6
2.	FINANCE DEPARTMENT AND ACCOUNTING RECORDS	9
3.	BUDGETING	15
4.	REVENUE RECOGNITION	23
5.	SPONSORSHIP REVENUE	28
6.	DONATIONS	31
7.	OTHER SOURCES OF REVENUE	34
8.	GRANTS	37
9.	RECEIPTS	44
10.	PROCUREMENT	50
11.	PAYMENTS	59
12.	EXPENSE CONTROL INCLUDING SUPPORTING DOCUMENTATION	63
13.	PAYROLL	68
14.	REPORTING ON FINANCIAL STATEMENTS AND OTHER STATUTORY REQUIREMENTS	72
15.	CASH, BANK AND CHEQUES	83
16.	INVENTORY MANAGEMENT	87
17.	FIXED ASSETS	91
18.	RESERVE POLICY	96
19.	INVESTMENTS AND FIXED DEPOSITS	98
20.	CONFLICT OF INTEREST POLICY	99
21.	RISK MANAGEMENT AND INTERNAL CONTROL	102
22.	ALLOCATION OF OVERHEADS TO DEPARTMENTS AND FUNDS	107

FOREWORD

This Financial Management Manual (**FMM**) for Member Associations (**MA**) is to be used in conjunction with the Financial Management Manual for Member Associations issued by the Asian Football Confederation (**AFC**) in 2019.

The purpose of this **FMM** are:

1. To provide an updated **FMM**.

2. To provide this in point form to make it much easier to note the key points [while reviewing the previous for further explanations].

3. To be concise noting that English is not the main working language of many of the **AFC** Members.

4. As it is brief, in simple English and in point form, **MA**s will find it easier to use the **FMM** more often as it is easier to understand.

5. Promote consistency and standardisation in the Financial Management and reporting practices of the **MA**s.

6. Strengthen transparency, accountability and good governance in the management of the funds.

7. Assist the **MA**s in complying with **AFC**'s financial regulations, funding requirements and reporting obligations.

8. Provide practical guidance to support the proper planning, budgeting, implementation and monitoring of activities and projects.

9. Reduce common errors and improve the quality, accuracy and timeliness of financial reports and supporting documentation submitted to the **AFC**.

10. Serve as a practical day-to-day reference document for **MA** staff responsible for finance, administration and project implementation.

11. Encourage the adoption of sound internal controls and financial management practices to safeguard **AFC** funds and organisational resources.

12. Promote a risk-based approach to financial management, ensuring that funds are used efficiently, effectively and for their intended purposes.

1. THE FINANCIAL MANAGEMENT MANUAL

1.1 Introduction & Objective

- The Financial Management Manual (**FMM**) incorporates the recommended Financial Management Policies and Guidelines for a Member Association (**MA**) of the Asian Football Confederation (**AFC**).

- Sets out detailed policies and guidelines for the Finance Department and by extension, the **MA** as a whole and its staff, to assist in ensuring the orderly and efficient management and control of and over all the **MA**'s resources.

- Concerned with effective financial control over assets, liabilities, funds, income and expenditure, together with the processes, procedures and related systems required to account for all financial operations of the **MA**.

- Renders proper accountability to all stakeholders including governing bodies, donors, sponsors and the public

1.2 Purpose of the Manual

- Ensure the financial management procedures of the **MA** conform to the following objectives and principles:

    - state all the financial responsibilities

    - separate the various duties where necessary and appropriate

    - to have effective financial checks and controls

    - integrate together the financial planning and budgeting

    - to put in place regular and clear financial monitoring and reporting with necessary details

    - compliance with the **AFC**, **FIFA** and other governing authorities' rules, regulations and audit requirements

    - have the best value for money when using the **MA**'s resources efficiently

    - operations are done in accordance with generally recognised and accepted best financial practices

    - to put in place clearly stated delegations of authority

1.3 Approval & Changes

- This **FMM** establishes policies and procedures for all financial functions carried out by the **MA**.
- It is the responsibility of the **MA**'s Operational and Support management team to regularly review and revise their **FMM** as needed.
- The **MA**'s General Secretary (**GS**), as validated by the Executive Committee (**EXCO**), must approve all amendments made to the **FMM**.
- All changes must be recorded with the reason, effect and justification of the changes before it is implemented.

1.4 Scope and Application

- Sets out basic principles of internationally accepted best financial practices, standards and guidance applicable to the proper financial management of the **MA**.
- Covers all areas of the financial internal control system including cash and payment management, expenditure control, fixed assets, procurement, inventory, payroll, revenue, expenditure, sponsorships, donations, grants, budgeting and financial reporting.
- Each chapter explains policies and procedures, with the required steps to take.
- Management of the **MA** is responsible to ensure application and compliance with the **FMM**.
- All Finance Department staff must know and comply with all the policies, guidelines, processes and procedures.
- The **MA** is required to:
    - comply with all sections of the **FMM**
    - comply with Financial Reporting requirements such as the International Financial Reporting Standards (**IFRS**), which specify how Annual Reports and other financial documents must be prepared
- The **EXCO** must review the **FMM** in detail and recommend its adoption and ensure full compliance.
- Finance staff must extract and combine all relevant sections, flowcharts and templates into the **MA**'s existing Policies and Guidelines document.
- This **FMM** is to be used only by the **MA**; no part may be copied or distributed outside the **MA**. This must be fully controlled by the Head of Finance (**HoF**).

1.5 Segregation of Duties

- Policies on Segregation or Separation of Duties are the fundamentals of this **FMM**; processes and procedures are made with these points in mind.
- All operational staff are responsible for performing duties in accordance with proper internal controls as confirmed by the **MA**.
- Separating the duties is a key element of internal control – it reduces the risk of errors and wrong and incorrect actions.
- Ensures the separation of different duties and operations and defines authority and responsibility over transactions.
- Management and officers responsible for assigning and supervising of staff doing financial activities must ensure there is adequate separation of duties within their areas of responsibility.
- One person alone cannot initiate, review and approve the same action/transaction.
- The recording and verifying function of assets – especially cash, cheques, inventory, stocks and fixed assets – must be separated among staff.

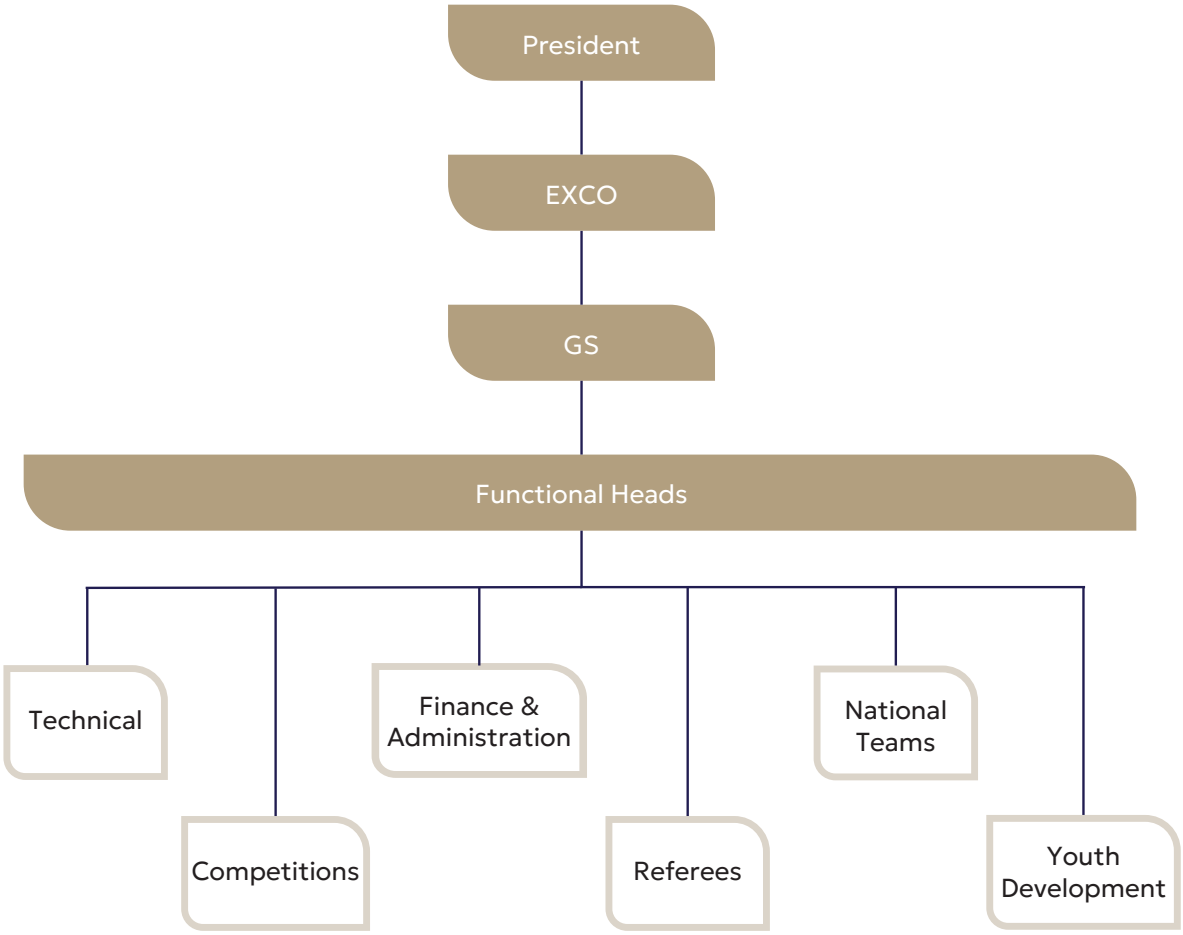
1.6 Applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)

- IAS 18 – Defines revenue as "the gross inflow of economic benefits during the period" arising from the ordinary activities of the **MA**.
- IFRS 15 – New revenue recognition standard for Sponsorship Revenue. The Core principle is that recognising revenue should "depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the **MA** expects to be entitled to in exchange for those goods or services".
- Season Ticket Revenue – Season ticket is a contract within the scope of IFRS 15. The **MA** must identify performance obligations, determine and allocate the transaction price and determine the pattern of recognising them.
- IAS 20 – Where Grants are recognised as income, over the period, it must be matched with all the related costs for which they are to compensate, on a systematic basis.

2. FINANCE DEPARTMENT & ACCOUNTING RECORDS

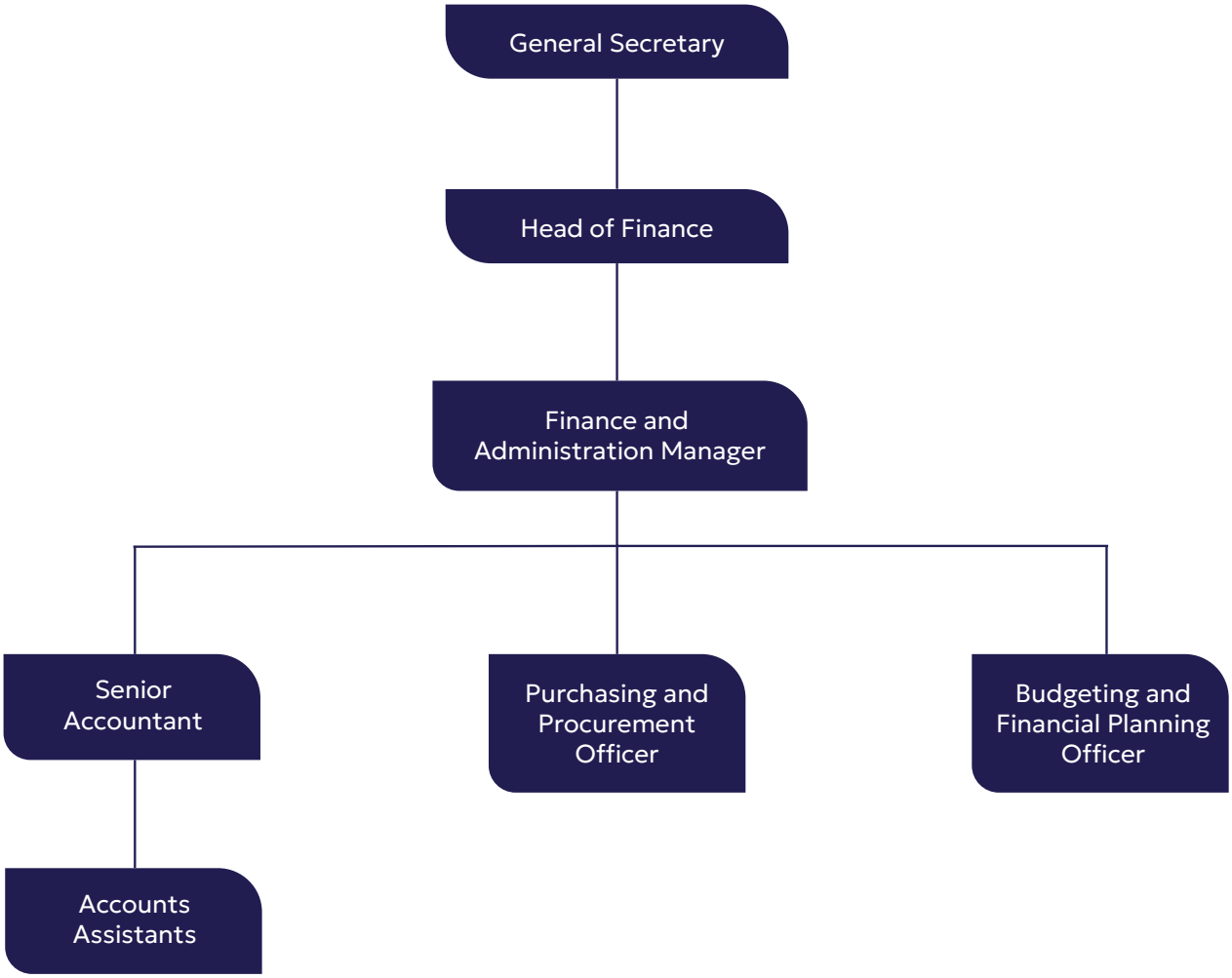
2.1 MA Organisation Structure

- Typical structure of a **MA** is as follows:



- The various departments in a **MA** will vary and depend on the size of the **MA** and will vary and change as the **MA** grows and develops.

- Typical structure of the Finance and Administration Department is as follows:



- The minimum functional staff includes the Head of Finance, Finance and Administration Manager, Senior Accountant, Budgeting and Financial Planning Officer, Accounts Assistants.

- Note that in larger **MA**s, the Purchasing and Procurement Department has to be separate for internal control.

- Finance Department reports to the General Secretary (**GS**).

2.2 Chart of Accounts

- The Chart of Accounts (**CoA**) is a listing of all accounts available in the accounting system in which to record entries.
- Consists of Balance Sheet accounts (Assets, Liabilities, Reserves and Funds) and Income Statement accounts (Revenues, Expenses, Gains and Losses).
- The **CoA** can be expanded and adapted to reflect the size and specific operations of the **MA**. This is very important as it will support the preparation of budgets.
- 5-digit account codes are used to ensure effective drill-down analysis by cost centre and/or account code.
- The **CoA** has been made with cost centres and related Income and Expense items in mind. Any expansion of the **CoA** must follow this system.
- The **MA** must use relevant cost centre and account codes and add or delete **MA**–specific account codes as appropriate.
- The comprehensive **CoA** is aimed to meet the full needs of the **MA**.

2.3 Safeguarding of Accounting Data and Records

2.3.1 Finance Department Security

- The Finance Department must always be kept secure; entry is for authorised personnel only and only in the presence of authorised staff.
- Blank cheque book stocks be stored securely in the Finance Department; access must be authorised by the Head of Finance (**HoF**).
- Petty cash must be stored in a fireproof locked box; only the **HoF**/Finance Manager or authorised staff to have access.

2.3.2 Access to Electronically Stored Accounting Data

- The Finance Department must use passwords to restrict access to accounting software and data.
- Only authorised accounting staff responsible for data input, analysis and preparation of accounts and reports will be assigned passwords.
- The **HoF** has complete control over the issuance of passwords to designated staff.
- Finance staff must keep their passwords secret and change them regularly; passwords must not be revealed or shared – even with colleagues within the same department.

- Access must be restricted to only the parts of the system relevant to each staff member's tasks and responsibilities; only the **HoF** can assign system access, in strict coordination with the Head of IT.

2.3.4 Back-Up and Storage of Files

- Finance Department must maintain back-up copies of all accounting and finance records using a data back-up service or on-site back-up using hard drives.
- Access to back-up files is restricted to the **HoF** or authorised staff; multiple copies are recommended, clearly labelled, so as not to overwrite the most recent back-up.
- Cloud Storage services must be strictly managed; all storage, retrieval and updating protocols diligently followed; written instructions for cloud service use must be maintained in the Finance Department and protected.
- The **HoF** is responsible for all data storage options.
- Sensitive data such as payroll data and personnel data must be stored securely with restricted access.

2.4 Record Retention and Disposal

2.4.1 Policy

- The **HoF** is responsible for managing the Record Retention and Disposal Policy and implementing processes to ensure its effectiveness.
- Must adhere to local legislation; applies to all physical and electronic documents and records generated in the course of the **MA**'s operations and activities.

2.4.2 Retention Periods

- Permanent retention

  Annual audit reports, general ledgers, property deeds, property insurance policies, tax-exemption documents, audit records.

- 7-year retention

  Accounts payable and receivable ledgers, annual audit records, bank statements and cancelled cheques, credit card numbers, employee expense reports, investment records, personnel records, employee earnings, payroll tax records, tax returns.

2.4.3 Disposal Methods

- Non-sensitive information: to be placed in normal trash.
- Confidential information: must be shredded or crushed.

- Highly Confidential information: must be shredded or crushed.
- Electronic documents containing financial information: must be permanently deleted in a manner that renders them non-recoverable.

2.5 Manual Records

- All policies and procedures in this **FMM** remain applicable to manual accounting and financial records.
- Sort and store all paperwork, receipts and payments into separate months, separated by financial year.
- Documents relating to different fiscal years must not be combined.
- Keep all relevant original documents and date all correspondences.
- Record all transaction dates, receipts and payment amounts in ledgers.
- Produce a full set of accounts: Income Statement and Balance Sheet.

2.6 System Generated Records

- System generated records have advantages: accuracy, ease of data access, reliability, scalability, speed, security and cost-effectiveness.
- A key element of system-generated documents is the ability to search and retrieve when properly tagged and indexed during system input.
- Financial records are to be kept on a computer/network server; monthly printed records to be kept in a permanent binder.
- Supporting documents for a computer-based accounting system must be kept and maintained in the same secure and systematic way as records for a manual system.

2.7 Document Management System (DMS)

2.7.1 Policy

- Policy and supporting processes establish the controls required for managing the **MA**'s documents to ensure accuracy, are current, available access and approval by authorised individuals.
- The Finance Department is responsible to develop, review, approve and maintain these documents; users must be familiar with the Policy.
- A **DMS** enhances efficiency of document storage and retrieval; the system stores, manages and tracks electronic documents and electronic images of paper-based information.

2.7.2 Procedures

- Original copy (paper or electronic) of supporting documentation for financial transactions – such as payment vouchers, petty cash vouchers, suppliers' invoices and travel reimbursements – must be retained for the period identified in the document retention procedure (Section 2.4).

- Finance Department must have a method/process for retaining and filing original documentation for the prescribed retention period.

- All supporting documents for a specific transaction must be easily retrievable from files (paper or electronic) upon request.

- Paper documents that are original records (not converted to electronic format) must be systematically filed in appropriately separated files/folders; key consideration is confidentiality and ease of access and retrieval.

- For electronic documents:

    - electronic records must be maintained in a records management system for the prescribed retention period

    - all scanned documents reviewed at point of creation for readability and format (pdf, Word, Excel, jpg, png, etc.)

    - quality control must be carried out by an authorised officer who was not the person who scanned the documents

    - controls must be in place to ensure electronic records cannot be altered without detection; logging controls identify when changes were made and by whom

    - original paper records kept for a minimum of 2 years after scanning to allow for error detection and re-scanning if necessary

3. BUDGETING

3.1 Budget Overview

- The Budget is a key management tool that records, in monetary terms, goals for programmes, staffing, infrastructure development and operations; it is useful for determining the **MA**'s financial position and performance against the plan for resources.

- Budgeting is an important part of proper financial management as it translates the goals and objectives of the **MA** into financial and human resource terms.

- An annual budget is designed and prepared to direct the most efficient and correct use of the **MA**'s financial, human and other resources.

- The budget is a management commitment plan for the current and future activities that will ensure progressive financial viability of the **MA**.

- It provides an opportunity to review the composition and viability of programmes and activities while at the same time, considering available resources.

- In addition to the **MA**'s overall operating budget (including departmental and project budgets), separate budgets are to be prepared for fund sources such as **FIFA**, the **AFC** and other major funders and sponsors.

- The budget must be divided into three sections:

    - Section 1 – Revenue

    - Section 2 – Expenditure

    - Section 3 – Capital Expenditure

  Each section is further divided into main groups, sub-groups and line items in accordance with cost centre and account code structure.

3.2 Budget Preparation

3.2.1 Kick-Off Process

- The **HoF** holds a briefing with Heads of Department (**HoD**) to discuss:

    - status of current fiscal year performance

    - review of schedule and budget process

    - essential principles and factors of the budget process

    - required timelines

- Budgets are prepared and adopted on a basis consistent with generally accepted accounting principles and in line with the **MA**'s long-term plans.

- The **HoF** distributes departmental budget worksheets to Heads of Departments (**HoD**s) with line items tailored to their activities only.

3.2.2 Items to be Included

- Section 1 – Revenue: all anticipated income including ticket sales, membership fees, grants, sponsorships, media, donations and all other sources.

- Section 2 – Expenditure: all sums required to meet anticipated expenditure including salaries, rental, operational costs, office costs, travelling, competitions and others. Every cost/income of an activity should include all related items to show the total estimated cost and income.

- Section 3 – Capital Expenditure: purchase or renovation costs of buildings, equipment, furniture, computers and other assets.

- The budget must be constructed to show as accurately as possible the receivables and payables for the entire year to ensure the **MA** is able to operate as a going concern.

- Budget should include:

    - capital expenditure budget showing purchase, total anticipated cost and method of financing

    - estimates for each department with department name and code, item description and code

    - statement of income anticipated from each source

    - estimated cash flow impact for the budget year, especially where large capital expenditure projects and competitions are planned

    - detailed working papers substantiating all items included in the budget with underlying assumptions

3.3 Budget Approval

- Finance Department must ensure compliance with the **MA**'s budgeting policies prior to approval.
- The **EXCO** will approve the finalised budget to ensure every department has adequate funds for effective functioning in accordance with its operational plan.
- The approved budget serves as the baseline to measure actual performance against what was budgeted.
- Once the budget is approved, the Finance Manager notifies budget holders of their allocations.
- The approved budget is uploaded into the Financial Management Software for monitoring and reporting purposes.

3.4 Budget Monitoring

- Monitoring ensures that financial, operational and capital plans developed and approved as part of the budget process are being carried out.
- Budget monitoring is crucial for the **MA** to enforce accountability related to spending.
- The **HoF** and Finance Department is responsible for analysis of actual vs. budget for all departments and the **MA** as a whole.
- Variances must be highlighted with explanations and corrective actions required from the respective departments.
- Submitted to Management/Finance Committee/**EXCO** monthly/quarterly for budgetary control action.
- Recommended implementation plan:
    - hold a separate Budget Monitoring Meeting to analyse variances in depth
    - focus only on major variances
    - check for budgets that may not be accurate or decisions on expenditure that do not agree with the budget
    - correct budget shortfalls by cutting back elsewhere if the **MA**'s activities permit
    - communicate variances and course of action to all relevant departments

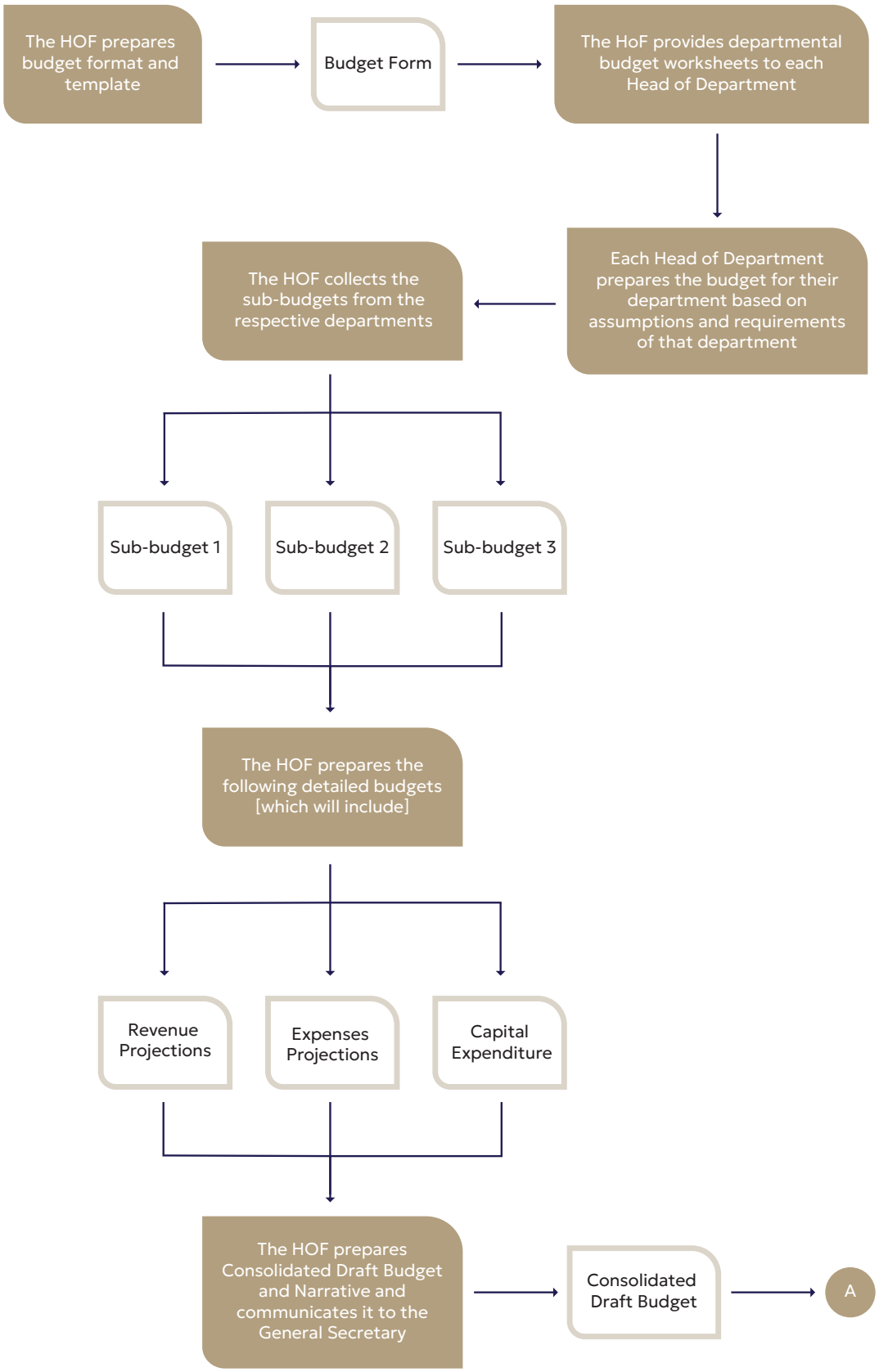
3.4.1 Monthly Budget Statements

- The **HoF** must submit the following reports to the management team no later than 15 days after the end of each calendar month:
    - actual income compared with budgeted income
    - actual expenses per department compared with budgeted expenses
    - actual capital expenditure compared with budgeted capital expenditure
    - actual borrowings compared with borrowings planned to fund the budget
    - explanations of any key variances between actual and budgeted income and expenses
    - remedial or corrective steps to be taken to ensure that the **MA** remains within the approved or revised budget

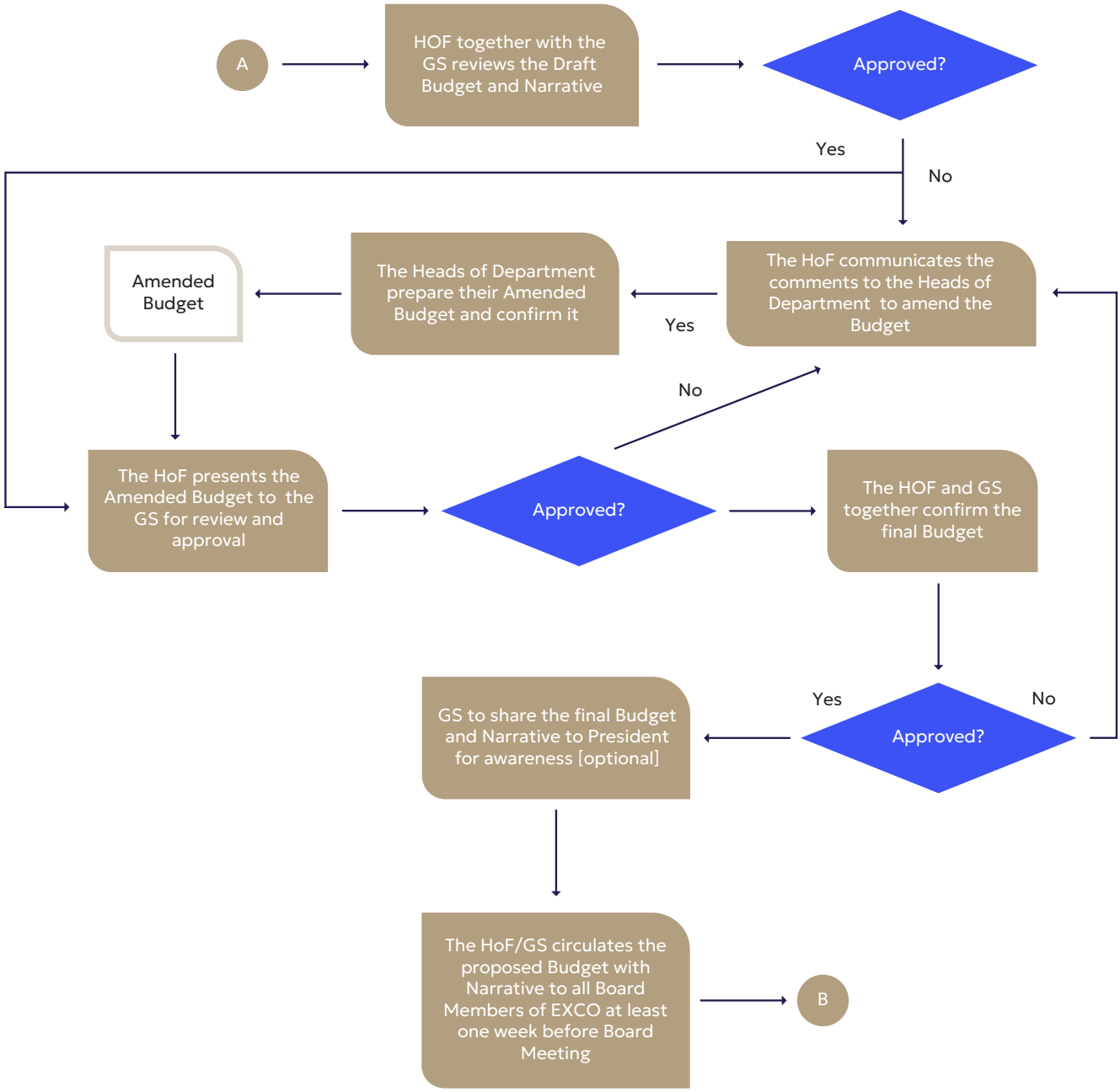
3.5 Budget Expenditure and Approval

- Budget Holders (Heads of Department) are responsible for all expenses incurred in their respective departments in complying to the budget.
- Heads of Department (**HoD**s) can only utilise what has been allocated to their department.
- All approvals for expenditure must be authorised by the **HoD** on the Purchase Order.
- Controls must be set in accounts payable procedures to ensure only Finance staff are responsible for maintaining the procurement system and inputting purchasing details into the accounting system.
- Once the budget is utilised, any increase in expenditure will not be allowed within the system; a variance request must be put forward to the **HoF** for consideration before expenditure limits are increased.

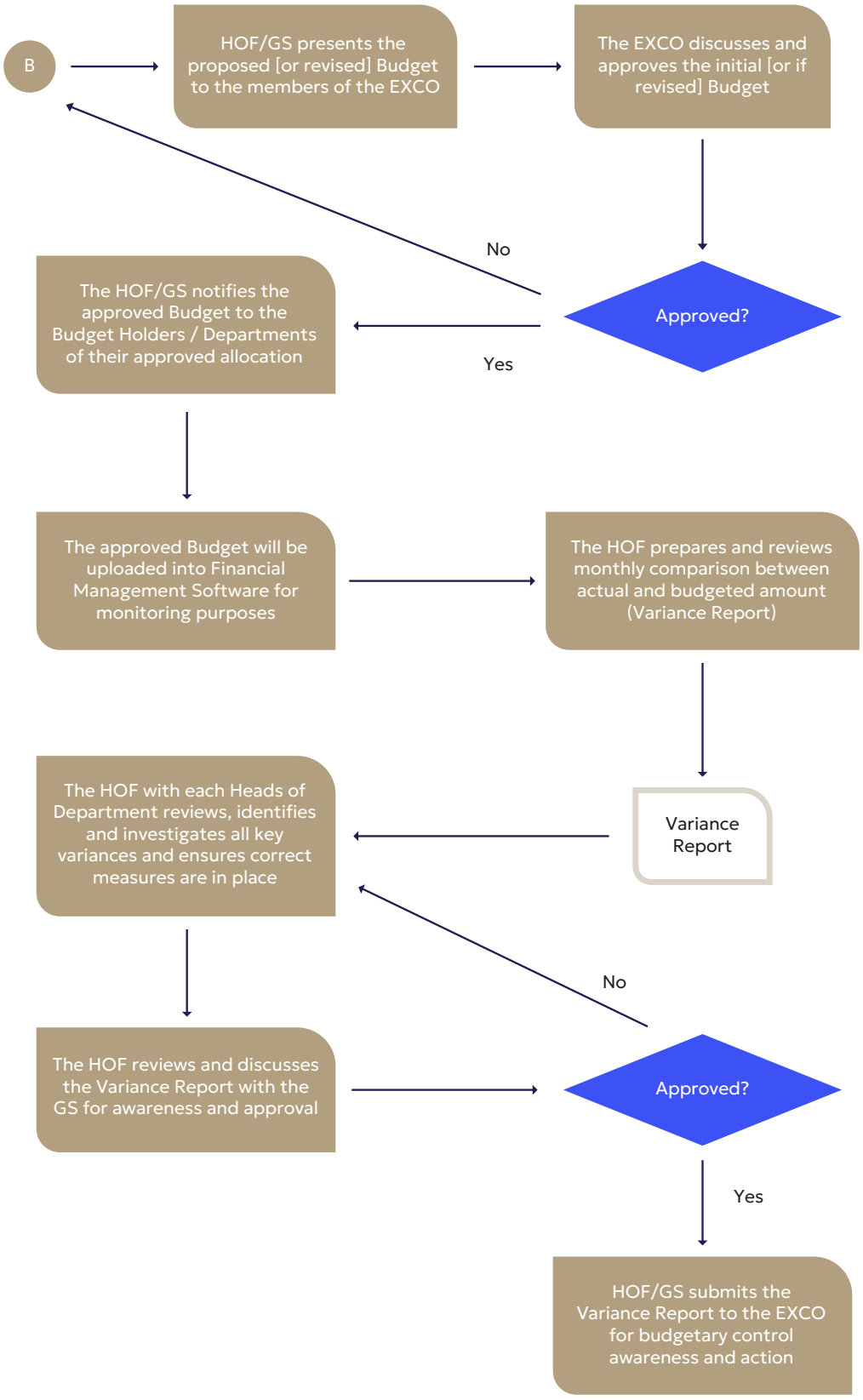
BUDGET PROCESS FLOWCHART [Part 1 of 3]



BUDGET PROCESS FLOWCHART [Part 2 of 3]



BUDGET PROCESS FLOWCHART [Part 3 of 3]



3.6 Budget Revisions

- Where changed circumstances require a Budget Revision, the expenditure must be categorised as significant and convincingly justified by the respective **HoD**s.
- Expenses must be checked by the Finance Department; must be given an appropriate code – cannot be classified as miscellaneous.
- The **HoF** is responsible for supporting documentation including an explanation of how the Revised Budget is now to be funded.
- Any expected shortfalls in annual income budget must be reported together with steps taken to prevent or cover the shortfall.
- A Revised Budget may be proposed quarterly or half-yearly as required.
- Only the **HoF** shall table the Revised Budget to the **EXCO**, including: explaining how adjustments affect the approved Annual Budget; justification for material adjustments; and impact of any increased spending on the Annual Budget.

3.7 Suggested Budget Revision Expenditure Approvals (for non-budgeted expenses)

Up to $10,000	Proposed by Head of Department
Up to $10,000	Head of Finance
$10,001 - $25,000	Head of Finance and General Secretary
$25,001 and above	Executive Committee (EXCO)

3.8 Summary of Responsibilities

Role	Responsibilities
HoF	Leads the process, ensures compliance, prepares consolidated budget
Department Heads	Submit department budgets and control spending and explain variances
Finance Department	Monitors actual vs. budget and reports monthly or for projects
General Secretary	Overall as Head of Administration and Operations
EXCO	Approves final and revised budgets

While the **MA** may not have multiple staff, it is important that responsibility is shared and decisions made are not just based on one individual.

4. REVENUE RECOGNITION

4.1 Revenue Recognition – General

- Revenue recognition involves incorporating an item as revenue in the Income Statement when it meets the following criteria:

  (i) the economic benefit related to the item of revenue which will flow to the **MA**

  and

  (ii) the revenue can be measured with accuracy and reliability and not by assumptions

- Revenue agreements, accounting, billing and collection activities must comply with all national laws and regulations and International Accounting Standards, Football Governing Authorities (e.g. **FIFA**, the **AFC**, etc.), Government Authorities as well as with the terms and conditions set out in specific revenue agreements.

- Finance Department must ensure that:

  - revenue agreements are documented and correctly authorised whenever revenues are received

  - all revenue is accurately and completely recorded in the accounting system for the period in which it is earned

  - appropriate and correct internal controls are used for the billing, collection, recognition, and subsequent recording of revenue

  - Revenue is to be recorded on an accrual basis. Any exceptions or use of a cash basis must have the prior approval of the **HoF** and the **EXCO**.

4.2 Scope and Sources of Revenue

4.2.1 Income divided into two broad categories:

- Membership dues, revenue, and grants - usually from Affiliates, International, National and/or Regional Football Associations, funding organisations, and government/government agencies.

- Commercial or business revenue - generated from advertising, hosting competitions, other events, fund-raising, and sponsorship, arising from the commercial/business operations of the **MA**.

4.2.2 Sources of Revenue

- Membership and affiliation fees from Affiliates; Registration fees from clubs.
- Grants from **FIFA**, the **AFC**, Regional Associations (**RA**), other **MA**s, Government and Ministries.
- Commercial and business revenue:
  - share of match day income (international and domestic)
  - corporate sponsorships
  - media and broadcasting
  - marketing and promotions
  - signage, licensing and advertising
  - merchandising
  - match levies and fines
  - rental of facilities

4.2.3 Other income sources:

- donations from individuals and corporations
- interest income
- miscellaneous income

4.3 Measurement and Recognition of Revenue

- Revenue will be accounted at the fair value of the consideration received or receivable, based on generally accepted accounting principles.
- Revenue recognised as earned on the date on which it is due or realised.
- Timing of recognition determined by the nature of the income.
- Revenue accrued in the accounting period when earned, even if not yet received or collected. All exceptions must be explained, justified and recorded.
- Revenue is treated as deferred revenue when payment is received in advance; must be properly accounted for by showing it in the Deferred Income account.

4.4 Gate Collections

4.4.1 Gate Receipts

- Revenue from gate receipts for a match represents the recognition of ticket sales income.
- Gate receipts revenue will be shared with the visiting team for international matches based on agreements in place.
- The **MA** must recognise its share of gate receipts from domestic matches based on agreements in place.
- The calculation for the sharing of gate receipts will be based on agreements with governing bodies for international matches and with clubs for domestic matches.

4.4.2 Season Tickets

- The accrual basis of revenue recognition is to be applied to season ticket sales when paid in advance for the season's matches.
- Where matches are played over a long period of time, revenue will only be recognised progressively, on a pro-rata basis, as and when each match is actually played and completed.
- Revenue from season ticket sales will be recorded in the Deferred Income account and accounted to the Income Statement as earned income only when the matches are played and completed.

4.5 Sponsorship and Recognition of Obligations

- Sponsorship is when there is receipt of revenue, use of assets, or services in exchange for consideration (e.g. publicity) to the sponsor. Accounted for based on IFRS 15.
- Principles: promote the seeking and acceptance of sponsorship; do not accept sponsorship that prevents other sponsors (unless economically significant); do not accept sponsorship that violates any applicable laws or regulations.
- Revenue recognised by applying the following five steps:
    - Step 1 – Identify the contract(s) with the sponsor: requirements apply that each contract meets specified criteria
    - Step 2 – Identify the performance obligations in the contract: obligations to provide services or goods to the sponsor
    - Step 3 – Determine the value of the contract: the transaction value is the amount of consideration in the contract

- Step 4 – Allocate the value to the performance obligations: value is allocated to each performance obligation specified in the contract
- Step 5 – Recognise revenue when a performance obligation is satisfied

- For multi-year agreements, unearned revenue must be accrued in the Deferred Income account and accounted in the Income Statement in the respective years when obligations are satisfied.

4.6 Donations (Revenue Recognition)

- Donations accepted only when they agree with the objectives and purposes of the **MA**; also, only accepted with the approval of the **GS**/**EXCO**.
- Donations income recognised at fair value of donations received. Fair value is the amount based at an arm's length and independent transaction.
- Donations in the form of services is measured by referring to fair values of services received.
- Cash received for general use is recognised in the period received and accounted for as income.
- Cash received for specific activities/projects is maintained separately; related expenses are matched against the amount received; surpluses to be used as instructed by the donor and/or with **GS**/**EXCO** approval.
- Where donations are for more than one financial year, unused income is carried in the Deferred Income account and released to the income/capital account when utilised.
- Finance Department must be notified of all donations to complete necessary procedures and documentation.

4.7 Grants, Subsidies, and Disbursements (Revenue Recognition)

- Finance Department is responsible for the financial management, administrative support, supervision and reporting for all Grant Programmes.
- Revenues from grants and related expenses is recorded and reported according to regulations prescribed by the Grantors.
- Disbursement of grants must be in accordance with the regulations or directions of the Grantor.
- Grantor funds are recognised and taken as revenue in the financial year they are received.
- Where grants are for more than one financial year, unutilised funds must be carried forward in the Deferred Income account and released to the Income Statement when incurred in the following financial year(s).
- Subsidies and other financial assistance from the Government is recognised in the year received.

4.8 Revenue Reversal

- Revenue reversal must be reflected where conditions by the Grantor or subsidy Provider are not properly or correctly met.

- Where the Grantor or Government instructs or directs a reversal or recovery of previously given grants or subsidies, this must be recognised immediately and reasons documented.

- Where the Grantor specifies that non-compliance will only result in a future deduction, no reversal is required; the reduced revenue will be recorded in the relevant period.

- Example: AFAP – spending less than the prescribed amount on Women's Football will result in a deduction of the under-utilised amount from future AFAP disbursements; the reduced AFAP revenue is recorded in the relevant period.

5. SPONSORSHIP REVENUE

5.1 Scope

- Sponsorship policies and procedures refer to all sponsorship activities that include the use of the brand, name, authorised logo or image of the **MA**.
- Sponsorship can be in the form of media and financial sponsors for events, or in-kind sponsors donating products or services. All have obligations that the **MA** must comply with.
- All potential sponsors must meet the **MA**'s strict criteria; corporate profile must be fully checked before any sponsorship proposals are considered.
- All sponsorship agreements must be approved by the **GS** and **EXCO**.
- Authority for reviewing sponsorship proposals may be passed to a special Sponsorship Committee co-opted with individuals who have the appropriate knowledge.
- All terms and obligations under the sponsorship agreement must be clearly defined and understood.

5.2 Minimum Elements of All Sponsorship Agreements

- sponsorship terms
- exclusivity and related terms
- sponsor payments
- sponsor benefits
- terms that specify when and how it can be terminated
- Finance Department, together with Operations and Legal Departments (when available), is responsible to ensure all obligations in the sponsorship agreement(s) are clearly understood and how it will ensure compliance.

5.3 Contracts

- Terms and conditions of the corporate sponsorship relationship must be stated in a written agreement; no sponsorship relationship can be made without a written contract.
- All contractual agreements with sponsors must be written or/and reviewed by the **MA**'s legal team before signing.
- The **EXCO**/Sponsorship/Marketing Committee, together with legal support, will decide all the terms of the Contract.

5.4 Procedure for Negotiating with Potential Sponsors

Step 1 – Initial Information Gathering

- Collect and provide to **EXCO**/Sponsorship/Marketing Committee:
    - type of product(s)/service(s) of the sponsor company
    - information on the sponsor company's history and ownership
    - reason for the sponsor company's interest in the **MA**, including experience in football and or sports-related sponsorships
    - the idea of the programme/event the sponsor company wishes to create and why
    - key persons of the sponsor company with whom the **MA** will work with, including any outside advertising or communications agencies acting as agents
    - sponsor company's performance expectations

Step 2 – Further Negotiation

- If the **EXCO**/Sponsorship/Marketing Committee wishes to proceed, the following will need to be considered:
    - willingness of the sponsor company to enter a multi-year agreement
    - first-year financial commitment
    - details of the specific promotion on which the sponsorship would be based
    - the **MA**'s responsibilities to the sponsorship
    - whether the **MA** is able to fulfil
    - commitment from all involved levels of the **MA**
    - that approval for the sponsorship has been obtained from the **President**/ **CEO**/ **Board** of the sponsor company

When approved, a written approval will be prepared by the **EXCO**/Sponsorship/Marketing Committee in consultation with the **GS** and **HoF**, approved by the potential sponsor company, before signing the legal agreement. This so that Finance Department is aware.

5.5 Measurement and Recognition of Sponsorship Revenue (5-Step Approach)

- Step 1 – Identify the Contract: Contract must be approved by all parties; parties' rights, payment terms and commercial substance identified; all performance and financial risks carefully considered and mitigated.

- Step 2 – Identify the Performance Obligations: At beginning of contract, performance obligations of both parties must be clearly defined.

- Step 3 – Determine the Value of the Contract: Value and resulting revenue income is clearly determined to enable proper and timely accounting and recording recognition. Any financial penalties for non-performance or early termination must be considered when calculating the potential revenue.

- Step 4 – Multiple Performance Obligations: Where a contract has many different performance obligations, revenue amounts must be assigned or estimated to enable proper revenue recording.

- Step 5 – Satisfactory Performance: Revenue recognised only when contract obligations have been fulfilled. **HoF** must monitor progress and report to the **GS**/**EXCO**.

5.6 Obligations from Sponsorship

5.6.1 **MA**'s Obligations (contract-specific)

- Assist the sponsor with the promotion of the events, products and services.

- Distribute sponsor's promotional material at specific events and time as in the contract.

- Show the sponsor's logo on all promotional material as in the contract.

- Allow the sponsor to conduct the agreed number of promotional events.

- Provide regular reports on the performance of contractual obligations.

- Any other requirement to be fulfilled as per the contract.

5.6.2 Sponsor's Obligations

- Pay the sponsorship fees as per the agreed terms of the contract, on confirmation of satisfactory performance of obligations.

- Monitoring and requesting updates from the **MA**.

6. DONATIONS

6.1 Definition and Characteristics or Types

- A donation means a voluntary contribution or gift, whether in cash or kind.
- Main types:
  - a payment of money or transfer of a gift
  - the payment or transfer is made voluntarily
  - the donor does not receive any material benefit or advantage

6.2 Funding Requests

- Only the **GS** or **EXCO** shall begin discussions on all donations or funding requests. The authority to do so may be delegated to a suitable staff member as directed by the **EXCO**.
- Third parties by themselves, without involving the **MA**, must not be allowed to ask for donations for or on behalf of the **MA**.

6.3 Principles of Policy

- Clear and ethical processes for accepting and managing donations and fundraising activities.
- Protect the confidentiality of donors, in accordance with their wishes and in agreement with the law.
- Correctly identifying funds and use them only for the intended purpose(s).
- Comply with all relevant rules and regulations on fundraising.
- A strategic, uniform and coordinated actions for seeking and accepting donations.

6.4 Policy

- All donations in cash or kind must support the objectives and goals of the **MA**.
- Donations accepted only from reputable companies and individuals with good standing.
- Donations from companies or individuals involved in disputed activities must not be accepted; the **MA** must refuse all such donations.
- Donations must only be for the activities and/or projects of the **MA**.
- The donations and fundraising activities must be strictly controlled by the **GS** and **HoF**.
- All donations received and funds raised for specific projects must be properly accounted and immediately reported to the **EXCO**.

6.5 Types of Donations

- Company donations: part of their corporate social responsibility (**CSR**) initiatives, to support specific programmes.
- Matching gifts: a type of corporate donation programme that matches an individual donor's contribution.
- Corporate donations: lump sums of money that a company or corporate foundation issues on an annual or periodic basis.
- In-kind donations: contributions of products or services instead of cash.
- Challenge grants: awarded after a certain challenge has been accomplished.

6.6 Usage of Donations

- Where there are no stated conditions, the donation will be part of Other Income and can be used as directed by the **EXCO**. These are stated or termed as Unrestricted Funds.
- Where there are conditions stated by the donor, these funds can only be used for the stated purposes and must be termed as Restricted Funds. It cannot be used for any other purpose; surpluses in the current year must be carried forward only as Restricted Funds.
- Large donations for a specific purpose will be placed in an Endowment Fund; used over several years only for the purpose(s) stated by the donor.

6.7 Disclosure for Donations (In Statement of Accounts)

- The accounting policies used in recognising donations must be clearly stated.
- Details of any restrictions made by donors on the donations (both cash and other assets) must be stated.
- Valuation basis for non-cash donations must be stated.
- Consolidated amount of donations received in the financial year must be stated in annual financial statements.
- For each donation, the following must be stated during the year:
    - total donation amount raised
    - expenses incurred in getting the donation
    - how the donations will be used
    - restricted funds obligations at start of year and those met during the year

6.8 Obligations/Requirements Arising from Donations

- The **EXCO** must review all donations and related requirements for each donation.
- Requirements must be clearly stated and understood by all parties.
- If there are specific performance requirements because of the donation, these must be fully checked; an agreement must be prepared and signed by both parties.
- Performance obligations must be monitored; regular reports are to be given to the donor to ensure obligations are being met. This ensures that the **MA** is accountable.
- **EXCO** must always be aware of all donation obligations and how it is fulfilled through monthly progress reports.

7. OTHER SOURCES OF REVENUE

7.1 Fund Raising Projects

7.1.1 Purpose – Reasons for Fund Raising

- Capital projects such as refurbishing a stadium or field upgrades
- Website set-up and development
- Team sponsorship
- Equipment
- Championships or special events

7.1.2 Funding Sources

- The **MA** will look for and obtain funding from local and national corporations, individuals, the community, banks, insurance companies, government agencies and ministries or the general public.

7.1.3 Authorisation and Approval

- All donations are subject to **EXCO** approval; the **MA** must not accept funding that breaks any applicable laws or regulations.

7.1.4 Agreements

- All funding arrangements must be based on a written agreement with the agreed terms.
- Agreement must state the obligations that the **MA** is making to the donor and the how the funds will be used and for which project.
- Agreement must be approved by the **EXCO** and signed by two members of the **EXCO**.

7.1.5 Accounting and Reporting

- Accounting records for each capital project must be recorded separately and not combined.
- Donations collected for specific activities must be set aside in special accounts and must only be used for that purpose.
- Project accounting for capital projects must be used to manage fund income and expenses to ensure correct use.
- Donors must receive regular status reports on the use of their funds based on the Agreement. Annual accounts of funds donated and expenses incurred must be summarised and given and reported to donors.

- Surplus funds must be placed and recorded in the General Fund pool for future projects upon completion of the project, unless otherwise stated by the donor.

7.2 Sale of Media Rights and Obligations

- In addition to sponsorship, the sale of broadcasting and media rights is one of the biggest sources of revenue for the **MA**.
- This revenue stream generates funds that can be used to finance major football events, upgrade stadiums and used for football development at all levels, especially at women, youth and grassroots levels.
- All broadcasting and media funds are to be recognised as earnings. Expenses incurred in raising the revenue must be expensed in the accounts.
- Obligations for the sale of media and broadcasting rights must be detailed in the commercial contract signed with the media company, including:
    - details of the number of matches to be televised
    - conditions for coverage of international home and away matches
    - advertising hoardings to be displayed
    - any other agreed conditions

7.3 Royalties from Sale of Branding Rights

- A royalty is a payment made for branding rights to use the **MA**'s intangible asset (the Brand). Revenue from this must be shared between the Licensee and the **MA**, usually based on an agreed percentage.
- The **MA** must protect its intellectual property (Brand) through royalties.
- The Royalty Agreement must be signed stipulating conditions of use and the basis of revenue-sharing.
- The **MA** must receive the agreed fee (Royalty) each time the Brand is used by the Licensee for the entire period of the Royalty Agreement.
- Royalty payments must be calculated based on the agreement. Options include:
    - sharing based on gross/net revenue
    - price per unit
    - minimum sale
    - or fixed amount

- Royalties received are to be recorded as income in the year they are received or generated.
- Key clauses that must be in the Licence Agreement are:
    - Granting of Brand Rights – nature and scope of the licence and what goods are included and how it will be distributed
    - Regions – areas in which the licensee can only use the brand to sell merchandise
    - Terms – time period of the licence
    - Exclusive – whether the **MA** allows others to use their brand
    - Quality Control – the **MA** must ensure its brand is not linked with poorly made or defective products
    - Payment – lump sum fee or periodic payments based on sales performance (royalties)
    - Counterfeiting – must include terms for reporting of counterfeit products
    - Termination – matters to be considered after the agreement ends, e.g. leftover stock
    - Audit Clauses – the **MA**'s rights to request an audit of sales to determine accuracy of royalty calculations whether there is any dispute or not

8. GRANTS

Grants are the main source of revenue for most **MA**s. The main grants are from **FIFA**, the **AFC** and others, including other **MA**s. Grants and subsidies can also be from Government and Sports Administration agencies.

8.1 Types of Grants

- Grants from football Grantors usually fall under two main categories:
    - Development
    - Administration and Management
- Grants are also available for special projects including infrastructure and for the **MA**'s technical development.
- Finance Department must work with other departments to ensure correct submissions of applications and finally, the receipt of grants.
- Overall and detailed budgets must be completed by respective departments. This is checked by the **HoF** and verified by the **GS** before submission.
- Once approved and funds received, Finance Department must track related use with specific programme accounts.
- Expenses must match against budget. The **HoF** must ensure departments do not exceed their own budgets.
- Programme Funds will be audited by a Central Audit by the Grantor to check compliance.

8.2 FIFA Grants – FIFA Forward 3.0

- A total of USD5 million is provided over a four-year cycle; i.e. USD1.25 million annually, for operational/running costs.

and

- A separate USD3 million is provided over a four-year cycle for specific projects.
- Regarding the operational/running costs, these cover recurring activities such as:
    - organising domestic competitions
    - training and actual matches with other national teams
    - training for stakeholders, such as administrators, technical staff, referees and volunteers
    - salaries for administration and technical staff

- organising committee meetings and general assemblies
- utilities incurred
- financial overviews including audits
- rental and maintenance of facilities
- maintaining websites, email systems and technology platforms

- Regarding specific projects, these must be related to:
  - infrastructure – stadium and related facilities, admin offices, technical centre and pitches
  - competitions – organising new competitions or revamp of existing ones, such as launching a women's or youth's league
  - capacity development – this includes developing skills and abilities of staff
  - national-team support – towards enhancing the national teams by improving player performance
  - subventions – to support football development, with specific projects, in the various regions in the country the **MA** oversees
  - others – various football projects such as youth development programmes, implement VAR technology, etc.

- Specific details of other uses of the funds and the process of application, disbursement, conditions to fulfil, etc. can be found in the FIFA Forward Development Programme Regulations (Forward 3.0) Section 6.

8.3 AFC Grants – AFC Enhance Programme Regulations (2025-2028)

- A total of USD2 million is provided over a four-year cycle; i.e. USD500,000 annually for activities and/or projects approved by the **AFC** as described below.

- This USD2 million allocation can only be used mainly as follows:
  - Kick-Off – a maximum of USD100,000 annually for administrative salaries of full-time administrative staff and operational costs
  - Pass – a maximum of USD75,000 annually for activities and projects relating to men's national teams, clubs and youth football, futsal and beach football competitions
  - Volley – a maximum of USD75,000 annually for activities and projects relating to women's national teams, clubs and youth football, futsal and beach football competitions

  - Stadium – a maximum of USD250,000 annually for infrastructure projects and separately

- A total of USD600,000 is provided over a four-year cycle; i.e. USD150,000 annually for activities and/or projects approved by **AFC** as described below.

- This USD600,000 allocation can only be used mainly as follows:

  - Advantage

    - a maximum of USD52,500 annually for salary subsidies for full-time coaching staff for all the various men's national teams

    - a maximum of USD52,500 annually for salary subsidies for full-time coaching staff for all the various women's national teams

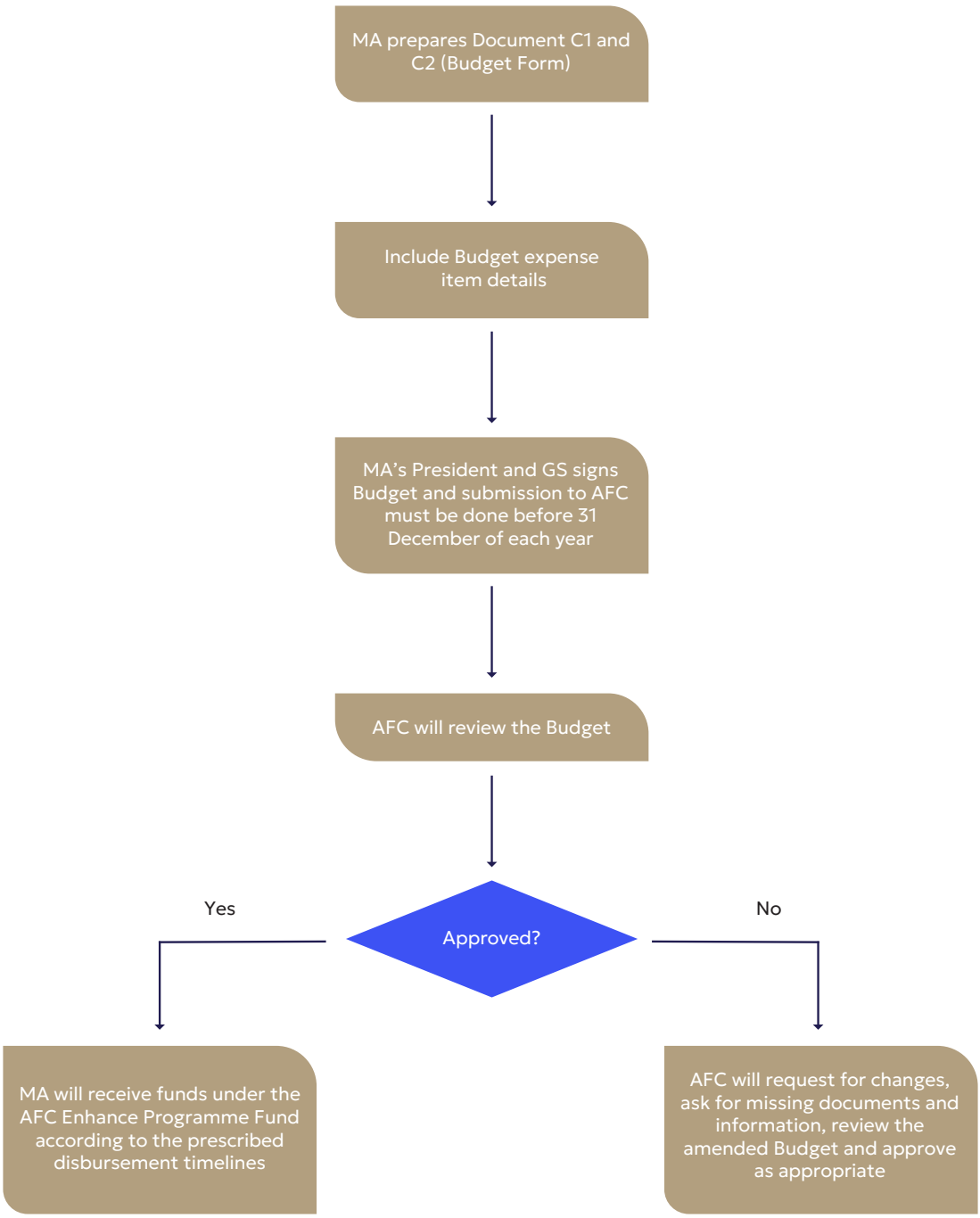
    - a maximum of USD30,000 annually for salary subsidies for technical staff positions

    - a maximum of USD15,000 annually for conducting coaching courses under the AFC Coaching Convention as well as for courses for technical development

- The Regulations also provide in specific detail what the Enhanced Programme Fund can and cannot be used for.

- The Regulations also provide in specific detail the various processes of eligibility, application to participate and to benefit, how the funds will be released and all relevant matters relating to the Enhance Programme Fund.

AFC GRANT APPLICATION PROCESS FLOWCHART



8.4 Government/Ministry Grants

- Generally, to be used for:
    - football clubs' operations
    - football development and programme
    - community outreach and grassroots football
    - stewardship of international teams
    - establishment of youth teams and youth development activities
    - women's football
    - refereeing and coaching frameworks

8.5 Other Grantors

- All other football Grantors will have stipulated spending and target conditions that must be met to receive grants. This can be as a continuing disbursement or a one-off grant for a specific purpose.
- Finance Department, with support from all related departments, will apply for and secure all available grants from all grantors.

8.6 Disbursement of Grants

- Disbursement means the transfer of the full/partial amount from grantor to the **MA**'s dedicated programme bank account for a specified project or for operations.
- Number of disbursements and amount clearly stipulated in the Grant Agreement; the **MA** must abide by these.
- It is critical that all disbursements from different Grantors must be managed through dedicated designated bank accounts for each programme.
- Mixing of funds is strictly not allowed; no transfers from the Programme Account to the General Account can be made – this contravenes the strict stipulations of the various Grantors.
- Once Grant Agreement is signed, the first and following tranches of funding is disbursed within the defined timeline.
- Bank accounts shall be used exclusively for eligible expenditures as determined in the relevant Grant Agreements.
- For project-specific grant funding, the **MA** receives the first instalment at the beginning of the project; subsequent tranches are paid on the basis of pre-determined milestones demonstrating progress.

- Milestones and amount of each tranche disbursement are determined and included at the time of preparation of the contract between the **MA** and the Grantor.

- Funds held in project-specific bank accounts must not be used for any other purpose, even for other expenses approved by the same Grantor.

8.7 Usage of Grants and Accounting

8.7.1 Policy

- Grants must only be used for the stated expenses or the approved project in accordance with the Grant Agreement.

- Grants strictly cannot be used for any other purpose.

- The **MA** will use its best endeavours to deliver the aims and objectives detailed in the Football Development Plan, Budget Plan or Project Plan.

- For project funds, progress and delivery of the project must comply with all project specifications agreed with the Grantors.

- Strong financial controls must be in place to ensure all funds are used only for intended purposes. This is to give confidence to the Grantors.

- The **MA** must have annual central audit review done by independent auditors appointed by the Grantors, to ensure all expenditure has been correctly done.

8.7.2 Accounting for Grants

- Finance and Administration Department is responsible for financial management, administrative support, supervision, accounting and reporting for all grants.

- Funds must be deposited into and disbursed from designated bank accounts for each Grantor and spent only on specific activities as defined by each Grantor.

- Combining funds of different programmes is strictly not permitted.

- The **MA** will pay directly to contractors and suppliers as approved by the Grant Agreements. All withdrawals must be approved by the **HoF**.

- Grant is recognised as income over the period to match with related costs.

- Separate Statement of Accounts is required for all grants; all programmes within a grant to have their own sub-analysis of income and expenses.

- Financial statements must disclose:

    - accounting policy adopted for grants

- nature and how grants are recognised
- unfulfilled conditions and contingencies on the grants

8.8 Procedure of Billing and Requesting

- Finance Department is responsible for requesting and collecting funds related to grants; timely receipt is the responsibility of the **HoF**.
- When Grant Agreement is signed, a copy is given to Finance Department; the **HoF** reviews award documentation to identify how and when funds will be received.
- A payment request is raised; invoicing information, including grantor and frequency, documented in the Agreement.
- Finance Department monitors monthly invoicing status lists to identify invoicing deadlines.
- Invoices/requests for payments are submitted to Grantors as defined in the award agreement.
- When a request is submitted through an electronic system, copies of the email confirmation indicating amount, grant number and Grantor name must be provided with bank details.
- The **MA**'s policy ensures all payment notices from Grantors are sent to the Finance Department for processing; Finance Department monitors all grant receipts and follows up on late payments and non-payments.

8.9 Statements of Accounts Required

- The **MA** must fulfil all regulatory and statutory requirements related to the audit of annual financial statements as required by local regulations.
- All Grantors will require the submission of annual statutory audit reports before the release of progress funding.
- The **MA** must prepare and submit annual statement of accounts for each individual programme for which grants have been provided.
- The statement of accounts must agree with all requirements of the annual Central Audit; the Central Audit checks the Statement of Disbursements, related ledgers and invoices/ receipts supporting the payments.
- Other financial statements and reports may be requested on an ad-hoc basis; all expense details must be correctly prepared for easy submission.

9. RECEIPTS

The **MA** has various sources of Revenue. It is important to account for them correctly and completely.

9.1 Collection Policy

- The **MA** must have a written receipt and collection policy for Accounts Receivable transactions that states good and acceptable business practices and efficiencies.
- Policy must ensure that:
  - revenue from all sources is identified, received, recorded and reported timely
  - receipt of money is correctly and completely accounted to ensure no errors
  - monthly reconciliations carried out so that receipt entries in the cashbook agrees with revenue collected
  - official receipts be issued for all sponsorships/donations from sponsor/donor and banked promptly
  - correct processes in place for transfers to/from bank accounts, authorisation, review and reconciliation
  - the **MA** reduces amounts outstanding in Accounts Receivable and ensures that they are current
  - accounts receivable that are delayed in receiving should be reviewed by the **GS**/**EXCO** to take all action to recover them before a decision to write off is taken

9.2 Receipts Procedures

- All receipts must be accurately accounted for and deposited soonest to manage cash flow well.
- These procedures must be followed:

(a)	Cash receipts must be complete. Once collected, must be deposited in the next working day.	(b)	Cash receipt vouchers must be pre-numbered.
(c)	A Finance Officer and not the Cashier is responsible for preparing the cash count and agreeing to cash book totals. All differences must be explained and recorded.	(d)	Access to cash records must be restricted and be kept secure.
(e)	Independent checks of pre-numbered receipts must be done regularly and reconciled to cash collections.	(f)	Approval must be obtained for all cash refunds.

(g)	All cash receipts must be deposited and cannot be used for petty cash payments.	(h)	Cash must be handled in a secure place.
(i)	Proper safeguard measures must be adopted to restrict access to the Accounts Systems.	(j)	All information included in the transaction must be verified and with correct descriptions.
(k)	Cash must be kept secure in the **MA**'s office.	(l)	**HoF** is responsible for cash control processes and must reconcile receipts to cash collected regularly.
(m)	The Accounts Receivable Officer must not prepare the bank deposit process and must not have access to cash receipts.	(n)	Authenticated deposit slips must be retained and reconciled to cash receipt voucher records.
(o)	Cashiers cannot have access to the Accounts Receivable records and bank statements.	(p)	All bank deposits must be made by an Officer who is not the Cashier or the Accounts Receivable Officer.
(q)	**HoF** must check cash receipts journal with authenticated bank deposit slips and the bank statements.	(r)	There must be segregation of duties of key personnel: Cash Receipts, Bank Reconciliation, Cash Disbursements, Bank Deposits and posting into the system.
(s)	The Finance Officer who posts into the general ledger must not handle cash receipts and accounts receivables.	(t)	**HoF** must regularly check that all these procedures are complied by Finance Department.

- A receipt voucher must be issued for all receipts. It is done in triplicate – original to payer, second copy to accounts section for general ledger postings and third copy kept in receipt book.
- All receipt books must be pre-numbered and used in sequence. Finance Manager must authorise the use.
- Regularly compare the day's cash/cheque receipt vouchers and the day's banking slips.

9.3 E-Receipts and Direct Funds Received into Bank

9.3.1 Online Ticket Sales

- Where the **MA** sells match day tickets online, confirmation by email, with details of seats, must be sent.
- An official receipt must also be sent once the ticket is paid.
- When ticket sales are done through an agent, regular reconciliations must be done before the match.
- The agent must do regular deposits of ticket sales collections, reconcile with ticket sales and report to the **MA**.

9.3.2 Merchandise Sales

- The **MA** will sell merchandise online. Buyers must be given an email confirmation with receipt, merchandise and delivery/collection details.
- When merchandise sales are outsourced, weekly reconciliations of values and items must be done.
- Non-delivery and/or return of goods must be tracked properly.
- Faulty goods to be replaced or refunds given.
- The **MA**'s brand must be protected at all times.

9.3.3 E-Receipts and Accounting Reconciliation

- All credit card transactions and bank reports received by the Sales Department must be given to the Finance Department on a weekly basis.
- Finance Department must reconcile bank accounts used for credit card payments and online transfers for ticket and merchandise sales.
- Sales Department must check and resolve all unreconciled transactions within 7 days of transaction date. It must respond to refund requests and the handling of fraudulent credit card cases.
- Data Security Standards must be in place and strictly observed.
- The **MA** is responsible for data security and confidentiality. Processes and software programmes must be in place to ensure this.

9.3.4 Direct Debit of Funds into Bank

- Bank will notify the **MA** when funds from Grantors, Donors, Sponsors and customers are credited into designated accounts.
- Direct debit transfers to the **MA**'s bank accounts are recorded from bank advices and statements.
- Official receipts must be issued when Grants, sponsorships and donations are received either by direct debits or cheques. The **HoF** must authorise before posting into general ledger.

9.4 Documentation

- Finance Department must keep all documentation for all receipts of funds.
- Most common documents are:
    - cash register tapes

  - deposit information (cash, cheques, credit cards, online transfers)
  - receipt books
  - computer-generated receipts
  - invoices
  - cheques
  - remittance advices
  - bank statements

- Documents stored as hard copies or electronic copies must be easy to access/retrieve.
- These are required for verification and audit trail of the receipts process.

9.5 Credit Policy

- At times the **MA** will extend credit for some transactions such as sales of merchandise.
- Finance Department must assess payment terms and methods, decide the levels of credit and regularly review the credit policy.
- The **HoF** is responsible for the credit review, approval process and accounts receivable balances to minimise collection losses.
- Finance Department must provide accounts receivable ageing reports to the relevant departments.
- Monthly reconciliation must be completed between receivable records for customers and the control ledger.
- Regularly review the collection issues to be aware of possible bad debts.
- Finance Department and the relevant department to identify and resolve all queries and obtain reasons for non-payment and this is to be reported.

9.6 Billing and Requests

- Request for Quotation (**RFQ**) is to help the **MA** to select the supplier to use.
- This is used for both goods and services that the **MA** needs.
- This helps the **MA** make the right selection of the supplier.
- **RFQ** must be approved by the **HoF** before being sent out.

- When the **MA** issues invoices, the following details must be included:
    - bank details
    - terms and conditions of sale
    - name and address of customer
    - order number and description
    - VAT/GST number, amount and rate (when applicable)
    - total amount due and discounts (if any)
    - due date for payment
    - payment terms
- Main details for Accounts Receivable:
    - records must be accurate
    - at time of sale an invoice must be issued
    - all sales collections must be accurately recorded in accounts receivable system
    - this then is reconciled to cash book/bank account
- Accounting system must maintain:
    - receivables ledger
    - each customer account separately
    - receivables with list of ageing of debtors
    - accounts receivable control account; this is for reconciliation purposes

9.7 Debt Recovery and Credit Control

9.7.1 Debt Recovery

- Finance Department must take strong steps to collect debts.
- Debts can only be written off after all actions have been taken to recover it.
- Only the **EXCO** can approve the write-off and this must be in writing and reasons recorded.

- If debt recovery is outsourced, there must be a written contract with terms of engagement, services to be provided, period of contract, methods of collection, payment to the **MA** and the fees due.

- The **MA** must decide on the length of time for credit settlement period before debt recovery.

- The **HoF** must ensure that all outstanding debt is monitored and regular reports are sent to the **EXCO** to review.

- Only the **EXCO** can decide on the repayment terms and this agreement must be in writing.

- When the **MA** incurs additional costs (e.g. legal fees) in recovering a debt, the **HoF** must aim to recover these also.

9.7.2 Credit Control and Policy

- All staff involved in marketing and sales must know the credit policy.

- Must get customer details. The **HoF** must do a credit check to see if customer is able to pay.

- Must set a credit limit for each customer and to review regularly.

- Terms of Business stating credit terms (say, 30 days) including interest for late payment.

- All customers must have a separate customer account code.

- Customer details must include:

    - company registration

    - contact person for payment

    - contact address including phone/mobile numbers and email addresses

    - Company VAT/GST number (when applicable)

10. PROCUREMENT

10.1 Procurement Policy

- The **MA** must use ethical, accountable and correct procedures for purchasing, agreements, contracts and all types of commitments.
- The procurement process for all purchases must:
  - be approved by the Head of Department (**HoD**) on the Purchase Requisition
  - be approved in annual budget
  - ensure there are adequate funds set aside
  - it is to benefit of the **MA**
  - ensure the best supplier has been selected
  - be done with the highest professional, ethical and correct standards under good principles
  - use the **MA**'s resources fairly and correctly
  - comply with all local and national laws and regulations

10.2 Pre-Procurement and Vendor Selection

10.2.1 Planning Stage

- Source vendors: select suitable vendors/suppliers and know about their products and specifications.
- Market research: especially if the vendors/suppliers have not been used before, need to know background of them over the recent past.
- Have basis for selecting vendors/suppliers and create a list of potentials.
- Vendors/suppliers meeting required standards be short-listed. Their technical and financial capacity should be reviewed.
- Request for Information (**RFI**): requests made from short-listed vendors/suppliers for their products, services and their experience.
- This short-listing ensures that solicitation document, Request for Proposal (**RFP**) and Request for Quote (**RFQ**) are issued only to the correct and approved vendors/ suppliers.

10.2.2 Vendor/Supplier Registration

- Vendors/suppliers must be registered with the **MA** before selecting them and this to be kept in file record.
- Based on information obtained, the Purchasing Officer decides which should be onboarded.
- The Registration Form should include:
    - basic company information
    - basis of selection
    - company products/services
    - company contact details
    - all agreements entered with them
- Registration with the **MA** does not mean they are always used. Their performance must be reviewed regularly.

10.2.3 Vendor Onboarding

- To ensure the vendor/supplier is dependable, has been in business a sufficient length of time, has good reputation and able to meet the **MA**'s needs.
- Onboarding steps:
    - evaluate supplier risks: check business track record, financially stable and plans for alternate providers
    - agree on:
        - expectations and volume and frequency of using them
        - product/service specifications
        - time taken to provide
        - what is required to place an order
        - pricing and discounts
        - payment terms
        - delivery and returns process

- gather information:
  - registered name, address and contact details
  - any licences/insurance/documentation
  - banking details
- share information internally: with the various Accounts, Purchasing, Sales and Operations Departments
- share information with supplier: all agreed terms formal approval; provide invoicing details and contact details for purchasing manager, accounts and operations

- Access to the Accounting System "Vendor Master File" must be monitored and approved by the **HoF** and the Master File be kept secure.

10.3 Purchase Requisition Forms

- A Purchase Requisition Form (**PRF**) must be filled and submitted to the Purchasing Department to initiate with a Purchase Order (**PO**).
- **PRF**s must be completed by staff member from the department requesting the purchase.
- Request must be authorised by the **HoD** and approved by the authority with the relevant approval limit and within the annual budget.
- **PRF**s are prepared in three copies:
  - 1st copy to Finance Department (attached to **PO**)
  - 2nd copy to department for filing
  - 3rd copy retained in the PRF book
- **PRF**s must include full item description, quantity, price and name of the selected vendor/ supplier.
- The same **PRF** can only be used once for the same item. Wrong use to be disciplined.

10.4 Approval of Purchase Requisition

- Before a **PRF** can lead to a **PO** or **RFQ**, it must be approved by the HoD based on approved limits.

- Procurement authorisation levels (**MA** to set appropriate limits):

AUTHORISATION LEVEL	APPROVAL LIMIT
Head of Finance	$xxxx and below
Executive Director	$xxxx and below
General Secretary	$xxxx and below
President	$xxxx and below
EXCO	above $xxxx

- Purchasing Department (with Finance) must check that high value items are not divided into smaller items so that it can be approved easily.

- All unbudgeted expenditure must be approved by the **HoF**/Executive Director and where above their limit(s), by the **EXCO**.

10.5 Issuing a Purchase Order

- A **PO** is the official confirmation of an order from the **MA** to a vendor/supplier to authorise a purchase.

- **PO**s must be created from approved **PRF**s:
  - verified against budget and **PRF** documents
  - be approved by Finance Manager/**HoF**
  - then forwarded to selected vendor/supplier

- It becomes a legally binding contract once the vendor/supplier accepts the **PO**.

- **PO**s are in 4 copies:
  - 1st copy to vendor/supplier
  - 2nd copy stamped and returned by vendor/supplier to Finance Department
  - 3rd copy to Administration Department filed with **PRF**
  - 4th copy retained in **PO** book

- **PO**s must contain:
  - date of issue
  - **PO** number
  - details of goods
  - shipping/delivery details
  - name and address of the **MA**
  - name and address of vendor/supplier
  - terms and conditions.

10.6 Receipt of Goods

- On delivery to the **MA**, the staff receiving the goods checks for correctness and for any damage. If packaging is in good condition, goods be passed to the ordering department; if damaged, delivery to be rejected.
- Requesting department confirms goods are received in proper condition and agrees with **PO** terms and prepares a Goods Receipt against the **PO**.
- If the order has damaged goods or not correct, inform Finance Department immediately.
- Give Delivery Notes to Finance Department for filing with **PRF** and **PO** copies and wait for the invoice.
- Goods Receipt be issued for all **PO** transactions and Finance Department keeps the signed copy.
- Once invoice is received, Finance Department matches against records confirming goods have been received, before processing for payment.
- Goods Receipt documentation must be kept for audit purposes.

10.7 Small Value Purchases

- Low-value purchases are supplies and services that are of small or low value.
- It does not exceed a cost defined by the **MA** – has a limit per vendor/supplier, per day, per department, etc.
- Such purchases must still be pre-approved by the **HoF**.
- Purchases are usually by petty cash.
- These purchases cannot be repeated regularly with the same vendor/supplier and/or for the same items.

10.8 Quotations

- The **MA**'s reputation must be fair in dealing in its contracts. Thus must request competitive quotations and tenders for all vendors/suppliers. It cannot give advantage or preference to any.
- **RFQ**s are required when cost exceeds the limit that the **MA** has. At least three vendors/ suppliers must be invited.
- Deadlines of time to submit must be stated and must be in writing.
- **RFQ**s must contain:
  - submission details
  - introduction and summary
  - business overview and background
  - detailed specifications
  - terms and conditions
  - how selection is done
- Types of **RFQ**s:
  - Open Bid (open to all vendors; bids visible during process)
  - Sealed Bid (bids opened simultaneously after deadline; vendors do not know each other's quotes)
  - Invited Bids (specific/existing vendors asked to bid)
- An Evaluation Committee, usually including the Head of the relevant Department, **HoF**, Executive Director/**GS** must be formed.
- If not possible to get 3 quotations, the reasons must be recorded in writing and filed.

10.9 Evaluation of Quotations

- Purpose is to choose:
  - which vendor/supplier has the lowest price
  - which has best acceptable specifications and conditions of supply
  - to assess based on criteria specified in the **RFQ**

- Evaluation steps:
  - review of all proposals received
  - match the **MA**'s requirements and vendor requirements
  - rank performance values for each requirement
  - get an overall score
  - then select the winning vendor
- Other factors to consider:
  - must comply with technical specifications
  - match with existing equipment
  - comply with delivery schedules
  - match the earlier samples received
  - good payment terms
  - guarantees, after-sales services and training
  - vendor/supplier capability, capacity, financial standing and past experience

10.10 Waiver of Quotations

- Competitive quotation requirements may be waived in certain situations:
  - goods compatible with existing goods and no other vendor/supplier
  - no other equipment meets specification
  - economic justification where admin cost is more than procurement cost
  - vendor is known to be the lowest cost provider
  - there is only one provider of the goods/services and there are no alternatives
  - goods/services are urgently required
  - delay will impact the activity
  - there is an annual renewal maintenance contract
  - bulk purchase of air tickets

10.11 Tenders and Bids

- Invitations to Tender are only for major projects and the **MA** knows in detail what is required and the value is much more than for the **RFQ**.
- An Expression of Interest (**EOI**) may be used before the tender to assess. From this, vendors/suppliers are shortlisted and asked to submit a bid. Request for Tender (**RFT**) will include:
    - letter of invitation to tender
    - form of tender and what is required in the bid submission
    - eligibility documents proving ability
    - financial records, licences, insurance
    - certification of quality and other accreditations
    - detailed specifications and deliverables
    - expected time frame
    - basis of evaluation of the bid
    - pricing and performance evaluation
    - rights and responsibilities of both the **MA** and vendors/suppliers
    - terms and conditions
    - details of submission process
- Bid Evaluation:
    - before calling for tenders, the Evaluation/Tender Committee must decide on product/ project-specific qualification criteria and rank importance
    - criteria must be clearly stated in tender documents and bid submissions
    - this includes experience, financial resources, technical resources, quality assurance, price and construction period
    - a bid that does not comply should be rejected and reasons documented
    - the bid with the best value for money should usually be selected
    - Evaluation Committee usual has two or three **HoD**s, **HoF** and Executive Director/**GS** as Chairman

- Waiver of the Tender process is usually permitted where:
    - there is an immediate need or emergency
    - only one source of vendor/supplier
    - no acceptable bids are received
    - there are security issues and confidentiality matters

10.12 Contracts

- Contracts must be awarded to vendors/suppliers with the highest total evaluation score.
- All the bidders are notified but there is no need to give reasons.
- Any objections received must be reviewed and answered.
- Can ask the winning bidder to reduce the price if possible and explain why.
- If award fails, the 2nd second highest bidder can be approached.
- But the **MA** must not negotiate with two bidders at the same time as it is not ethical and not professional.
- Signature authority for contracts as in other procurements.
- The contract must be managed and monitored by:
    - performance reviews
    - key performance indicators
    - regular meetings
    - feedback reports

11. PAYMENTS

11.1 Purpose and General Policy

- Sets out the policies and procedures for payments.
- Payment liabilities must be paid within a reasonable period and in accordance with prescribed laws, statutory obligations and for all employees.
- All invoices must be verified and supported so that payments are correctly made to the right vendors/suppliers for the correct goods and services delivered.
- Only authorised officers can authorise invoices.
-
- There must be segregation of duties in line with correct financial controls for the whole payment process.

11.2 Payment Vouchers

- Payment Vouchers (**PV**s) must be verified so that payments are made to the right vendors/ suppliers for the correct amount.
- **PV**s must be serially numbered. All cancelled **PV**s must be filed in order with all **PV**s in the same series.
- **PV**s must be prepared for all payments.
- Only authorised officers can approve/sign the **PV**s.
- The cheque number must be stated on the **PV** to check against bank statements.
- When the payment has been made, the invoice, supporting documents and the **PV** must be stamped "paid" so that it cannot be used again for payment.

11.3 Supporting Documents Required for Payments

- Supporting documents for each payment must include:
    - Vendors'/suppliers' invoice
    - invoice checked to agree with quotations, tenders, contracts, budgets and by the budget holder department
    - Delivery Order
    - Goods Receipt
    - approved Purchase Order (**PO**)
    - approved Payment Voucher (**PV**)

11.4 Payment Authority

- Only authorised officers can approve payments.
- The **EXCO** must approve these authorised officers and it cannot be changed without **EXCO**'s approval.
- A Board Resolution by the **EXCO** is needed for approving authorised officers and levels.
- Alternate signatories are allowed but must be approved and documented.
- Payment authorisation limits (sample banding – **MA EXCO** defines actual limits) whether for cheques or electronic payments:

AMOUNT	AUTHORISATION LEVEL
Less than $xxxx	Head of Dept. where PO originated and Manager from Finance Department [jointly]
$xxxx-$xxxx	Head of Dept. where PO originated and **HoF** [jointly]
$xxxx-$xxxx	**HoF** and **GS/CEO** [jointly]
Over $xxxx	President and **GS** [jointly]

11.5 Cheque Payments

- Cheques must be prepared by staff who did not approve the payment and must not be the authorised cheque signatories.
- Payment must agree with policies on purchasing, accounts payable and travel and business expenses.
- All supporting documents must be attached to the **PV** with the cheque before being signed.
- Cheques must be used in numerical order and unused cheques stored securely.
- Cheques must be "crossed" and not made payable to "bearer" or "cash". "Cash" only for petty cash reimbursement.
- Cheques cannot be signed if not prepared properly.
- Signing of blank cheques strictly not allowed.
- After the cheque has been duly signed, all supporting documents must be filed to prevent re-use.
- All spoiled cheques must be cancelled and kept for verification.
- Authorised cheque signatories cannot approve or sign any cheques issued to themselves.

11.6 Cash Payments

- All supporting documents with all approvals must be attached to the request for all cash payments.
- Cash payments can be made only after checking against supporting documents and preparing the Cash Payment Voucher (**CPV**).
- All **PV**s must be pre-printed with serial numbers. The one who receives the cash must sign the **PV** as confirmation.
- As a rule, cash payments cannot be allowed. But if no other way of payment is possible (e.g. advances for team on overseas trips, small payments to "fruit sellers", etc.), the reasons must be stated on the **CPV**.

11.7 E-Payments and Electronic Funds Transfers

- Electronic Funds Transfers (**EFT**) are now the basis for payments. Before the **EFT** process is implemented, **MA**'s Management (**EXCO**, **GS** and **HoF**) must put in place full internal controls needed and the HoF must check this regularly.
- Level 1 Officers (e.g. Finance Manager/Senior Accountant):
    - create vendors'/suppliers' details
    - Statutory Agencies are separated
    - separate employee details and these kept confidential
    - will alert Level 2 Officers to authorise
- Level 2 Officers (e.g. approved cheque signatories):
    - approve set-up of details in the bank's system
    - authorise transactions for payment
- Level 1 Officers must not do the work of Level 2 Officers.
- Level 2 Officers must not do the work of Level 1 Officers.
- As like cheques, two authorised officers must make each payment.
- The secure password for tokens issued by the bank must be kept securely. Access can only be to authorised Level 2 Officers.
- For mobile banking:
    - two-factor authorisation (**2FA**) using the password and the One-Time Password (**OTP**) sent to the mobile phone must be followed

  - **OTP** must not be shared

- Passwords given to Level 1 and Level 2 Officers must not be shared.
- Passwords must be changed regularly.

11.8 Petty Cash Payments

- Petty cash must be by an Imprest System – this where a fixed balance, authorised, is kept by regular top-ups.
- A **CPV** must be prepared for each payment. All supporting documents must be attached.
- **CPV**s must be approved by Authorised Officer(s) before payment.
- The **MA** must set a maximum limit (e.g. $100) for petty cash disbursement. Payments above this amount is not allowed.
- Petty cash account must be reconciled monthly/weekly. This to check and to top-up the float.
- Total **CPV**s and remaining cash must equal the float amount always.
- Finance Manager must do surprise checks on the petty cash account. A Report is prepared and reviewed by the **HoF**.

11.9 Segregation of Duties in Payments

- Segregation of duties must be included when deciding job duties. This is to prevent fraud, collusion and where there is intention to make wrong statement/report.
- Where the **MA**s have small staff numbers, additional control is required by senior executives.
- Senior management must be more active in supervising Finance Department functions.
- Duties to be segregated include:

Authorisation	• Approval of **PO**s and Invoices • Approval of access to Vendor Master Files • Signing of cheques
Custody (Access to Asset)	• Access to accounts payable, cheques and bank accounts • Mailing accounts payable cheques
Record Keeping	• Preparing source documents • Maintaining journals, ledgers and other files
Reconciliations (Accountability)	• Prepare reconciliations separate from record keeping

12. EXPENSE CONTROL INCLUDING SUPPORTING DOCUMENTATION

12.1 Policy

- All expenses must have a right business reason(s) for payment and must agree with the budget.
- Expenses must be submitted, approved and reimbursed based on policies and procedures in the **FMM**.
- **MA**'s staff are responsible to manage expenses correctly and fairly.

12.2 Supporting Documents – Proof of Purchase

- All expense claims must have original receipts and invoices before payment.

12.3 Petty Cash Claims

- Petty Cash claims must be submitted only using the approved **CPV** Form.
- Original receipts and invoices must be attached for each claim. Credit card slips alone are not acceptable.
- All petty cash claims must be authorised by the relevant authorised officer. Claims can only be paid when the **CPV** Form is completed.
- The **CPV** Form must include: details of claimant, expense details and amount.
- All individual **CPV** Forms must have source documents attached and must be fully checked, approved and only then, recorded in the Accounting System.
- Claimants must confirm receipt of the cash on the **CPV**.

12.4 Entertainment Expenses

- Business meals include reasonable amounts spent on food and other refreshments purchased for business discussions with suppliers, vendors, customers and other clients, including representatives of other sports and football bodies.
- The **MA** will reimburse entertainment expenses only where the entertainment is for the direct benefit of the **MA**.
- Business entertainment expenses are strictly limited to: cost of meals and beverages.
- The **MA** will reimburse employees for costs of business meals only when it is "directly related to" the **MA**'s operations.
- All entertainment expenses must be claimed using the Entertainment Claim Form and only when original receipts and invoices are attached.

- Expense Claim Forms must be signed by the relevant authorised officers before submission for payment. Staff and management cannot approve their own claims.

- Suggested approval levels for entertainment expenses:

Approval	Amount
Head of Department (HoD)	less than $500
HoD and HoF	between $501 to $1,000
HoD and GS	above $1,000

- For all entertainment expenses more than $500, a brief report must be prepared with details to explain why the entertainment was necessary with names of persons attending.

12.5 Transport

12.5.1 Use of Own Transport

- Where staff use their own transport for the **MA**'s business, it must be authorised in advance.

- The vehicle used must have insurance cover. The per kilometre rates used by the **MA** will include cost of insurance.

- The **MA** will not reimburse the cost of travel between home and office.

- The **MA** will not accept liability for any loss or damage from the use of the vehicle as there is insurance cover.

12.5.2 Mileage Allowances

- Staff shall claim mileage at approved rates; full details required: date, reason for journey, starting point and destinations, number of kilometres.

- If a staff member travels on **MA**'s business to a place other than their permanent place of work and the journey begins and/or ends at home, travelling expenses must be paid on the basis of the shorter of:

  - actual mileage travelled

    or

  - mileage that would have been travelled if the journey had commenced/finished at the place of work

- Parking fines, clamping charges and other motor-related penalties will not be reimbursed by the **MA** at all.

12.6 Cash Advance for Overseas Trips

- **MA** staff on approved overseas travel can be paid cash advances for local transport, meals, etc.
- The amount must be approved by the **HoD** and **GS** and be based on the length of trip.
- The Cash Advance Claim Form, once approved, must be submitted to Finance Department at least 5 days before travel.
- Invoices and/or receipts must always be kept for such cash expenses.
- On return, a full report on how the cast was used must be submitted. Expenses above the cash advance can be claimed only with supporting documents and be approved by the **HoD**.
- This must be submitted at least by 5 days on return from the trip.
- Where the cash advance is not fully used, remaining amount must be returned to the Finance Department with the report and reconciliation.

12.7 Gifts and Tributes

12.7.1 Gifts and Tributes Given

- Any expenditure on gifts or tributes must be approved by the **GS**/**HoD** and must be based on correct use of **MA**'s funds.
- The **MA** must define the value that is acceptable.
- Expenditure above defined value must be approved by the **GS** and member of Finance Committee.
- All gifts that are more than **MA**-defined value must be recorded with the reasons why it was necessary.

12.7.2 Gifts and Tributes Received by Management or Staff

- A gift or tribute received by the **MA**'s staff is anything of value given to staff member other than salary and entitlements including meals and drinks, hospitality, travel, corporate box invitations, promotional materials, samples, vouchers, discounts and money.
- The **MA**'s staff cannot accept gifts of money or anything that can convert to cash. This is seen as a bribe.

12.8 Training Expenses and Incentives

- Costs for the **MA**'s training camps are large and must agree with budget and fully checked and agreed before by the Technical Department, Senior Management and the **GS**.
- All training camp trips must be approved by the **GS**/**EXCO** and agreed to budget.
- For overseas trips, expenses such as air tickets, hotels and local transportation must not be by cash and only be paid directly by the **MA**.
- Team Managers can be given cash for training camp expenses, but reasons must be written and approved.
- Daily allowances/incentives for players, coaches and officials can be paid in cash only when there is no other way based on the situation.
- Cash advances for travel expenses and incentives must be fully accounted for and reconciled with Finance Department immediately on return. Any excess cash must be reconciled and returned with the report.
- Team Managers will be held accountable and personally responsible if this is not done.

12.9 Accommodation and Food

- Lodging expenses are allowed where appropriate for the purpose of the trip. Finance and Administration Department must make these arrangements at lowest rates and ask for discounts.
- Family members of staff or management cannot travel with the teams. If they do, they must make their own arrangements directly.
- The **MA** cannot approve costs for personal extensions of a trip and for holidays.
- The **MA** cannot give meal allowances when included in conference registration fees.
- Meal expenses reimbursed for staff on approved travel must be based on **MA**'s written policy.

12.10 Air Travel

- **MA**s can only reimburse staffs for all expenses necessary, reasonable and incurred when travelling when on **MA**-business and based on written policy and rates.
- Travel expenses must be recorded and approved on a Travel Expense Report and comply with budget.
- Staff must report all expenses and advances accurately with supporting documentation.
- Only the **MA**'s selected travel agent(s) can be used for all bookings and travel arrangements.

- Independent checks must be made regularly so that the **MA** is getting the best rates.
- Any additional costs because of staff errors must be approved by the **HoD** and **GS** only if it was not the fault of the staff.
- All air travel must only be on economy class.

12.11 Purchase of Office Supplies and Equipment

- Each Department takes responsibility for use of office supplies and equipment.
- All requisitions must be approved by Head of Administration.
- All such purchases must be based on approved processes and approved limits and budgets.

12.12 Corporate Credit Cards

- Corporate credit cards can only be issued to make purchasing easier for minor items only and where e-payments are required.
- Cards issued only to staff who:
    - are required to travel for business purposes
    - there is a regular need for such purchases
- Cards cannot be used to for cash advances, bank cheques, traveller's cheques or electronic cash transfers.
- Standard transaction and monthly limits must be set by the **MA** for each officer level (President, **GS**, **EXCO**, **HoF**, **HoD**).
- Credit cards cannot be used for:
    - personal expenses
    - travel expenses where per diem reimbursement is given
    - computer hardware unless pre-authorised
- Monthly reconciliation must be done within 10 days of the card's statement date and checked by Finance Department.
- Cardholders who do not do so must be responsible for the cost incurred and no longer allowed to use the card.
- The cardholders must verify and authorise all transactions and be verified by Finance Department.
- If cardholder resigns or leaves employment, the outstanding salary can only be released once the credit card expenses are fully reconciled and the card is cancelled.

13. PAYROLL

13.1 Policy

- Financial records for staff wages and salaries are critical and a very large expense of the **MA**. It must be kept strictly confidential.
- The **MA**'s payroll is processed, and the records and system are the responsibility of the **HoF**.
- Payroll processing is done monthly (fortnightly where required). Salaries and disbursements paid at the end of month only after approval of the **HoF** and **GS**.
- Finance Manager is responsible for making changes to salaries, benefits or reimbursements to staff. This must be approved by the **HoF** and staff records and system updated immediately.
- Payroll will be paid by the last day/week (**MA**'s decision) of each month. If this is on a public holiday or weekend, it must be paid on the earlier working day.
- Payroll processing must be completed at least 5 days before payment date.

13.2 Preparation of Payroll

- Staff salary must be paid strictly on the terms and conditions mentioned in the staff's appointment letter.
- Thus, on any change, staff records and payroll system must be updated immediately.
- Staff must be paid through electronic funds transfer into their bank account. Crossed cheques only if this is not possible. Salary cannot be made in cash.
- A detailed Salary Slip must be issued to all staff and should state:
    - name and staff number
    - basic monthly salary, overtime and bonus (when applicable)
    - allowances separately (when applicable)
    - deduction for loan/advance approved (when applicable)
    - reimbursement of expenses claimed (when applicable)
    - medical payment (when applicable)
    - pension/provident fund/social security payments
    - PAYE tax and employer contributions

  - final net salary
  - any other payroll-related information (when applicable)

- Finance Manager prepares the Payroll before the due date. Salary slips with Summary Salary Payment Report are given to the **HoF** for approval.
- The **HoF** must compare with the previous month and fully reconcile all changes.
- Separate schedules for Income Tax, staff loans and Pension/Provident Funds/Social Security shall also be prepared and reconciled to main Summary for **HoF**'s approval.
- After approval, Finance Manager forwards the bank transfer details with covering letter signed by authorised signatories to the bank.
- Where this is done by electronic funds transfer using the payroll system, the approval process must be done correctly.
- Reimbursement claims must be submitted within the stated time.
- For casual employees, a cheque is prepared and cashed for the total net pay. The money is then inserted into individual pay packets.
- Responsibilities of the Admin and HR Department:
  - Senior Accountant – checks computations and prepares system entries
  - Finance Manager – checks Salaries Summary Sheet and system entries
  - **HoF/GS** – final approval

13.3 Payroll Taxes and Other Deductions

- Income Tax/Pay-As-You-Earn (**PAYE**) be deducted from staff salaries (based on laws in specific countries) and paid to Inland Revenue as regulated.
- All deductions from basic salaries to pension/provident funds/social security to be done correctly.
- A supporting schedule Summary to be prepared and checked by the **HoF**.
- All deductions such as salary advances to be done before payment of salary.
- The **MA** must pay withholding and/or other payments to government and statutory agencies.
- Regular tax statements must be prepared.

- All computations must be up to date based on changes in rules. The **HoF** is responsible to note such changes.

13.4 Salary Advance

- For permanent staff, the **MA** may provide salary advances/loans for valid reasons and emergencies.
- Basis of repayment must be agreed with the staff and in writing.
- Repayment can only be through salary deductions.
- The **HoF** must approve all requests for salary advances or loans after discussions with the **GS**.
- Where staff resigns or is terminated before full repayment, Finance Department to ensure what is outstanding is deducted from last salary before payment.

13.5 Allowances for Players, Coaches and Referees

- Allowances for players, coaches and referees must be approved only by the **EXCO**.
- Note the different allowances for domestic and international matches.
- Policy on allowances (amount and payment) must be fully told to all players, coaches and referees.
- Allowances are for reimbursement of expenses for matches including transport, hotel and meals. Transport and hotel should be booked and paid by the **MA**.
- Technical Department must submit all allowances due to Finance Department ahead of time.
- Allowances are to be paid with payroll and credited to individual bank accounts. Cash payments cannot be made.
- Finance Department must prepare monthly an Allowance Summary Listing and this should be reviewed and approved by 2 persons.

13.6 Confidentiality and Access to Bank and All Records

- All **MA** staff with access to confidential information must ensure that all information is kept totally confidential and the documents are secured.
- All violations of this policy must be reported immediately to the next senior level for correction and disciplinary action.
- Requirements for maintaining confidential information:
    - access to confidential information is only when required for monthly processing

- do not permit unauthorised staff to access confidential information
- any changes to confidential information must be checked and authorised
- do not disclose **MA** confidential information outside the **MA** except when officially required by government agencies
- keep all personal passwords confidential and do not share with other staff
- computers are to be locked when staff are away from their desk
- all confidential information in hard copy must be kept in a locked cabinet
- confidential information to be disposed based on written policy and to be done by 2 staff
- to shred hard copy before disposal
- where it is electronic, ensure that the storage disc is cleared
- confidential information cannot be removed from premises without written authorisation from the **HoF**
- cannot disclose confidential information to consultants without the **HoF**'s approval
- consultants cannot remove confidential information from the premises

- For any violation, disciplinary action and including termination, as stated in the Staff Handbook, must be done.

14. REPORTING ON FINANCIAL STATEMENTS AND OTHER STATUTORY REQUIREMENTS

This section is important as the **MA** must comply with Generally Accepted Accounting Principles (**GAAP**), Financial Reporting Standards (**FRS**) and local regulatory rules.

14.1 Accounting Policies

- Finance Department is responsible to ensure accuracy and integrity of the financial data and information used to prepare the **MA**'s various Financial Statements (**FS**s).
- Main requirements of **FS**s:
  - be accurate and obtained from actual transactions and correct values
  - prepared for the **MA**'s management to make decisions
  - reported in consistent manner so that comparisons are fair and correct
  - all changes must be approved and variations explained
  - must be prepared in the local currency
  - all significant transactions to be highlighted and reported to the senior position for action
- True and Fair View
  - **FSs** are prepared annually, monthly or quarterly. Also prepared for projects such as competitions so that the **MA** can assess what action is required.
  - The **HoF** is responsible for preparing correct and timely **FSs**.
  - All material non-compliance and the impact on the **MA** must be explained in Notes and reported to the **EXCO**.
  - All supporting documents used to prepare **FSs** must be kept for the external and for the **FIFA** & **AFC** central auditors to review.

14.2 Annual Reporting

14.2.1 Annual Report

- The **MA**'s Annual Report (**AR**) must highlight the Mission and Vision Statements, key milestone achievements of the past year and a summary of plans for the coming year(s).
- The **AR** must also state/include:
  - management team and key officials

- corporate governance matters
- details of corporate sponsors
- football achievements
- **FSs** including explanatory notes

14.2.2 Complete Set of Financial Statements including Statement of Profit and Loss and Statement of Financial Position

- Statement of Profit or Loss and Other Comprehensive Income (**P&L**) – gives details of:
  - all income received
  - gains or losses from disposal of assets
  - all expenses incurred
  - these must be included in the **AR** prepared for management reporting
- Statement of Financial Position (**Balance Sheet**) – shows assets and liabilities.
- Cash Flow Statement – states how cash is received and used:
  - how the **MA** used actual cash during the year
  - all non-cash transactions such as depreciation and provisions are eliminated
  - must be produced monthly
  - key disclosures are:
    - Net Income from Operating Activities
    - Investing Activities
    - Financing Activities
- Notes to the Accounts – provide additional explanations like:
  - accounting policies
  - how overheads are allocated
  - shows comparison of items against the previous year
  - income and expenses by unrestricted/restricted funds

- general breakdown of staff remuneration
- summary of fixed assets such as debtors, creditors, cash and bank balances
- any uncertainties that impact the **MA**'s continued operations

- Statement of Management Responsibility – signed by two members, the General Secretary and President.

14.2.3 Statement of Financial Position (Balance Sheet)

- This Statement shows financial position of the MA at a specific date. What the **MA** owns and owes – basically, assets and liabilities.
- Assets include:
  - land and buildings
  - stadiums and office buildings
  - furniture, fixtures and fittings
  - motor vehicles
  - computer equipment and communication equipment
  - bank and cash balances
  - long term grants receivable
- Liabilities include:
  - accounts payable
  - employee and statutory amounts due
  - bank borrowings
  - hire purchase loans and lease obligations
  - any other borrowings
  - the **MA**'s funds and reserves stating unrestricted and restricted funds separately

14.2.4 Income and Expenditure Categories

- Income categories include:
  - gate collections
  - local league fees and membership and affiliation fees
  - donations and grants (**AFC** Enhance Programme Funds, **FIFA** Forward, others)
  - government subsidies and grants
  - income from commercial sponsors
  - income from sale of media rights and broadcasting
  - merchandising
  - interest income
  - income from rental of facilities and premises
  - miscellaneous income
- Expenditure categories include:
  - operations including payroll, media and marketing, match-related expenses
  - governance costs such as audit, legal, consultancy
  - financing costs from loans taken (if any)

14.3 Preparation of Financial Statements

- Finance Department is responsible for preparation, review and submission of all required Financial Reports.
- These are to be reviewed by the **HoF** and made available on time.
- The **HoF** must have a process to prepare Financial Reports that are:
  - clear and easily understood by non-finance people
  - shows all transactions that have a financial impact
  - consistent to enable comparisons to earlier Reports

- Finance Department must have **FSs** and Reports Disclosure Checklist to enable these to be complete.

- These Reports must have supported documentation and all these are shown to the external and **FIFA** & **AFC** central auditors.

14.4 Monthly Financial Reports

- The **HoF** must circulate these Monthly Financial Reports by the 10th day of the following month.

- These monthly financial reports must include:

    - monthly management **FSs**

    - variances in Budgets

    - status of Projects (when applicable)

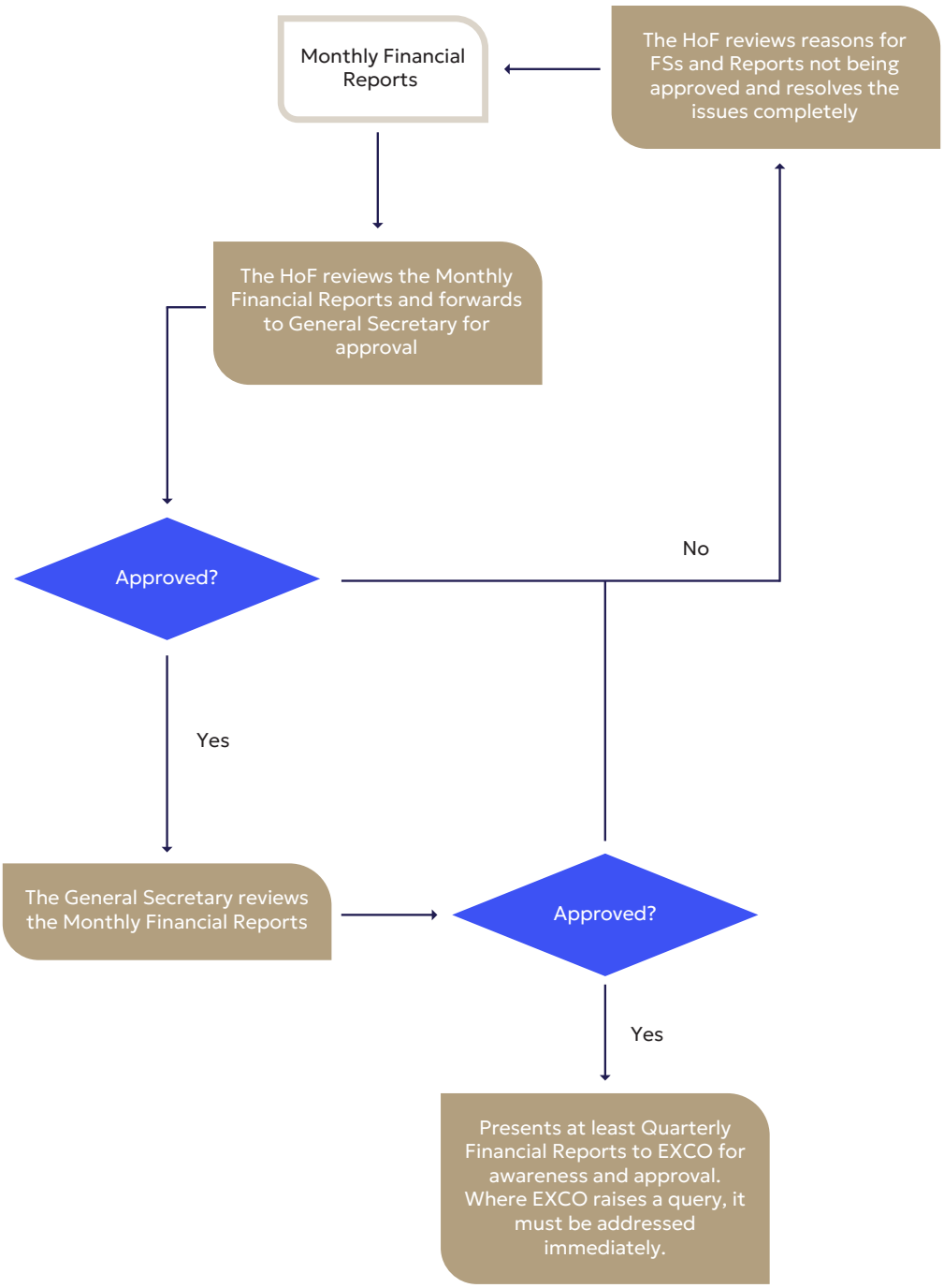
    - those on Grants, donors and sponsorship

    - notes and supporting documents for explanation

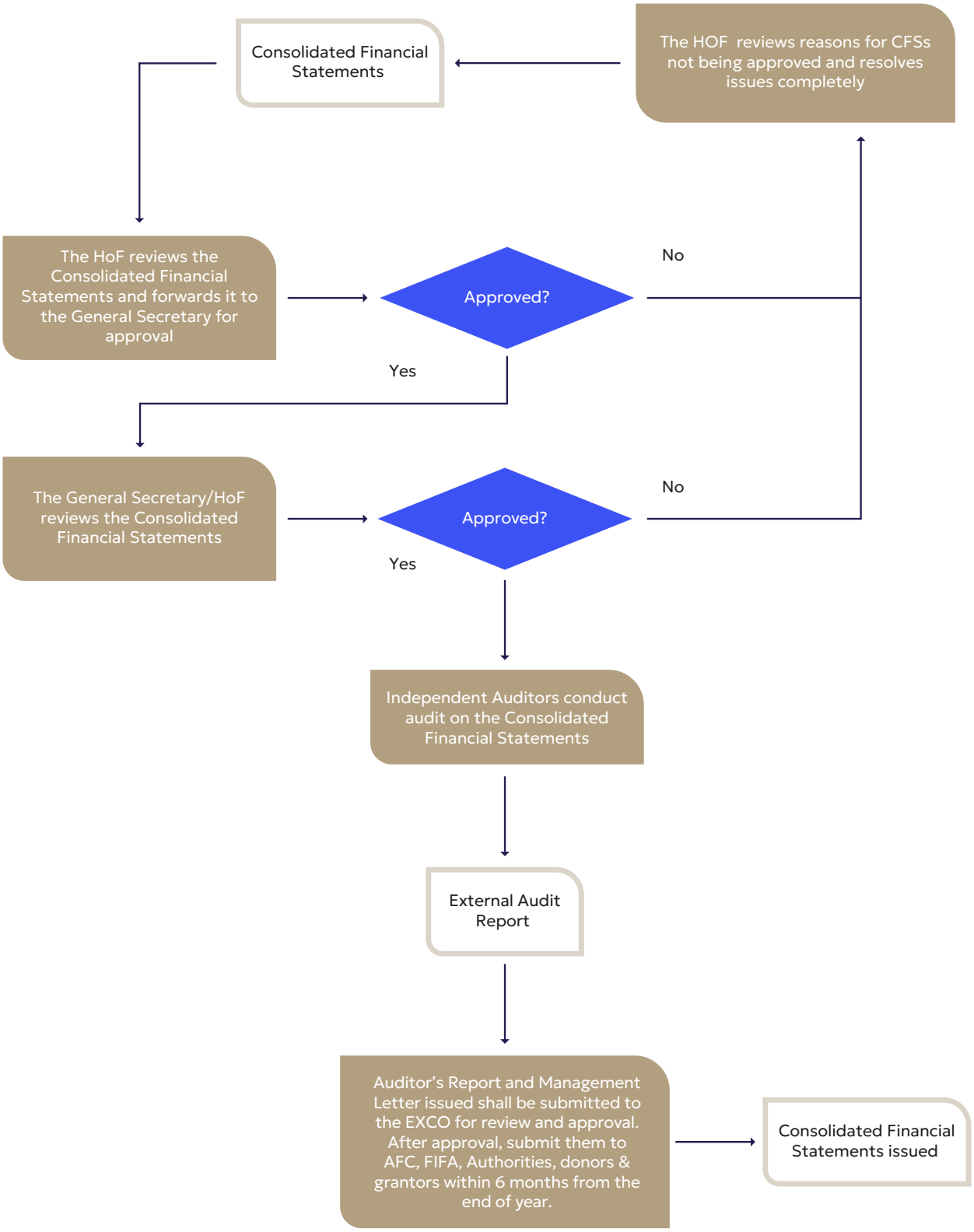
- Reports that need to be submitted to donor agencies must be timely and accurate. The **HoF** is responsible to comply with all requirements.

- Monthly Financial Reports to be ready by the 10th day of the following month.

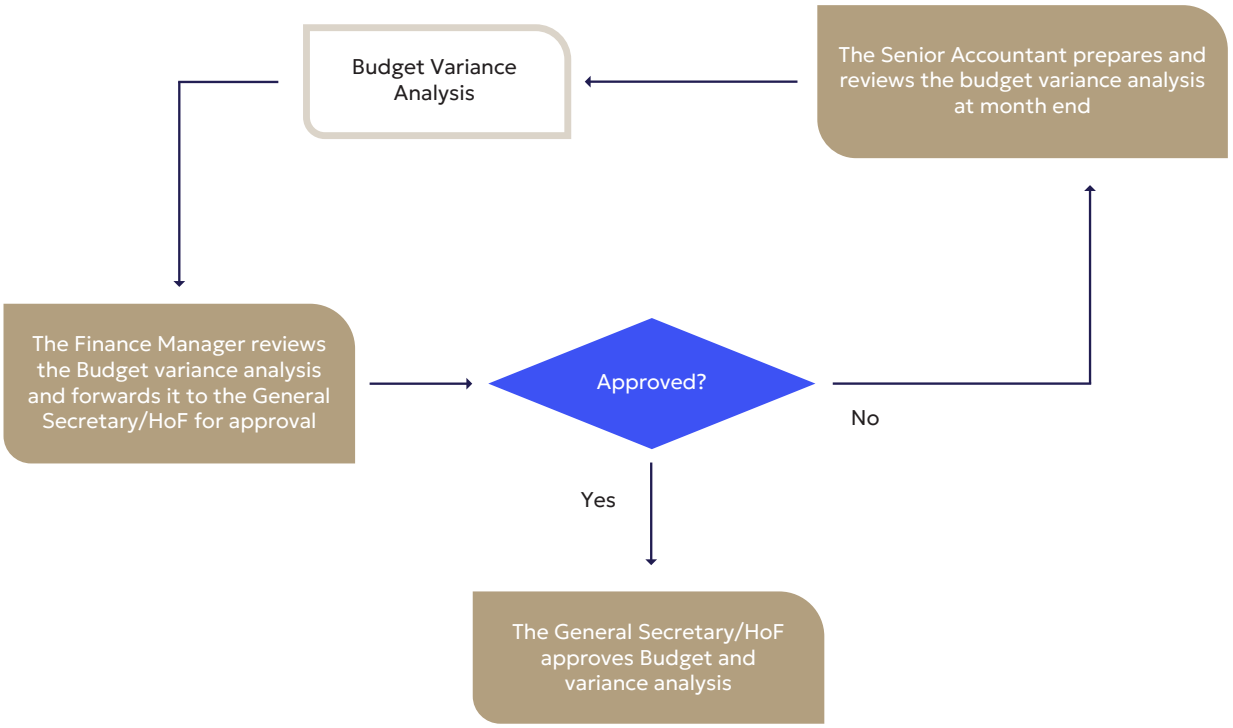
MONTHLY / PERIODIC REPORTING FLOWCHART



ANNUAL CONSOLIDATED REPORTING FLOWCHART



BUDGET VARIANCE ANALYSIS FLOWCHART



14.5 Shared Services

- Shared services are the combining business operations used by different departments in the **MA**. Aim is to centralise back-office operations so that different departments do not do the same activity, such as purchasing stationery.
- Objective is to make the **MA** efficient and to save costs.
- Costs of the centralised Service Provider Department are recorded and shared by user departments.
- Reports will show how each department is performing. This helps in management control.
- Allocation of costs is simple:
    - direct costs to the income stream or specific department
    - overheads and indirect costs are shared
    - a simple method such as area of department or headcount to be used
- Shared Services Report be prepared monthly and given to all user departments. This to make them cost conscious and supports the **MA**'s management control.

14.6 Code of Governance Submission

- Code of Governance to be submitted to relevant Regulatory Authority/Government Agency will include statements on:
    - purpose of organisation
    - leadership
    - integrity
    - decision-making, risk and control
    - how the **EXCO** functions and details of members
    - how the **MA** manages openness and accountability

14.7 External and AFC Central Auditors

- External/Statutory Auditors are appointed to form an opinion on the Balance Sheet, Consolidated Statement of Profit or Loss, Statement of Cash Flows and accompanying Notes.

- Audit procedures include examining on a sampling basis:
    - controls to check financial compliance
    - proof that values in **FSs** are accurate
    - review accounting policies and estimates used
- Auditors' opinion is at the beginning of the Annual Report which has the **FSs**. They state if the **FSs** are presented fairly.
- Key points to select and appoint:
    - the **EXCO** is responsible for appointment, remuneration and any changes made
    - appointment is done at each Annual General Meeting (**AGM**)
    - appointment cannot exceed 3–5 years (if retained longer must be in the **AGM**'s Minutes)
- When need to change auditors:
    - identify audit firms that are familiar with football operations
    - assess their proposals
    - shortlist and meet/interview them
    - recommend to the **EXCO**
    - endorse at **AGM**
- Key aspects of the Terms of Reference (**TOR**):
    - audit done in compliance with International Auditing Standards and local requirements
    - verify all funds have been used in accordance with policies
    - goods, works and services have been paid in accordance with the **MA**'s policies
    - all supporting documents, records and books of accounts are reviewed
    - the **FSs** are done complying with accounting standards and give a true and fair view
    - full assessment of the **MA**'s accounting and internal control system
    - give opinion on procedures in place that can detect errors and/or fraud

- In addition to the audit report, auditors must also issue a Management Letter covering:
  - comments on accounting records, procedures, systems and internal controls
  - point out what is lacking and their suggestions/recommendations
  - follow up on previous suggestions to see if in place and working well
  - matters that impact the **MA**'s continued operations

14.8 Central Audit (AFC/FIFA)

- The **AFC** and **FIFA** require an annual Audit Report on the respective Grants provided by them.
- Separate reports be prepared on how the Grant was used for specific expenses approved under the respective programme regulations.
- These Reports must:
  - show the expenses for each type of Grant given and the remaining balances
  - the Auditor will review and give an opinion on each Grant separately
  - whether there are other conditions of the Grant to comply with
- The Central Audit will comply with International Standards on Accounting, Auditing and Reporting.
- The **MA** must ensure that the **AFC**'s central auditors access all books and records. This includes access to the accounting system to view all accounting entries and adjustments made.
- As for statutory audits, the **MA** must keep proper accounting books, records and documents for each Grant programme.

14.9 Corporate Taxation

The **MA** could be liable for corporate taxation, based on different regulations in each country. The **HoF** is responsible to know the regulations and ensure compliance even if the **MA** is registered as a Charity.

15. CASH, BANK AND CHEQUES

15.1 Policy

- The **MA** must detail policies and procedures for the safe handling, recording and accounting of the **MA**'s cash and cheque receipts and payments.
- Also related bank matters such as opening and closing of bank accounts and doing bank reconciliations.
- Strong internal controls for cash collections and cheques are necessary.
- This so that funds are not used wrongly and to safeguard the **MA**'s assets.
- "Funds" include coin, currency, cheques, money orders, credit cards, accounts receivable, electronic funds transfers and those of value like tokens, gift cards, parking tickets etc.
- Best practices to be used to manage all funds:
    - what is received must be banked soonest possible
    - able to pay all commitments when due
    - kept secure all bank accounts and funds
    - all movement and use be authorised, controlled and recorded
- The **MA** must ensure funds are secure, get good returns and that it has enough for payments.
- All the **MA** staff working on funds must understand all policies and processes.
- The **MA** staff must be always ready to report to the **HoF**, internal, external and the **AFC**'s central auditors when questions are asked.
- The **HoF** must regularly review the **MA**'s banking processes to ensure they are good.

15.2 Petty Cash Controls

- Petty Cash Limits must be set:
    - decide on float amount based on normal monthly activity
    - this to ensure cash in the **MA** is kept minimum for safety and security
    - each cash expense cannot exceed $100 (**MA** to decide)

- Segregation of Duties:
  - same person cannot approve petty cash vouchers and keep the petty cash box
  - same person also cannot update the financial records and accounting system
- there must be limits for each officer (suggestion):
  - up to $50 – Finance Officer
  - up to the fixed limit of $100 – Finance Manager
- Petty Cash Vouchers (**PCV**) to be used for all transactions. Must be approved before payment.
- All petty cash claims must be supported by receipts or invoices. Where not possible, senior Officer to assess if fair and reasonable.
- Before making payment, holder of petty cash must submit a Petty Cash Summary Sheet with vouchers and supporting documents.
- The **HoF** must check and approve before payment is made.
- The documents must be stamped “PAID” so that it cannot be re-submitted.
- Regular cash counts and reconciliations must be made.
- This must be done by persons separate from petty cash Custodian and Finance Officer.

15.3 Cheque Control

- All cheques must always be signed by 2 authorised signatories on all cheques.
- The 2 signatories must review and initial all invoices and supporting documents.
- The 2 signatories must check all payroll entries and supporting documents before signing cheques.
- Cheques that are cancelled or made void must be kept in file.
- Cheques cannot be issued to “cash” or “the bearer”.
- Cheques received must be updated into the accounting system and banked immediately.
- Receipts must be issued for all cheques received and mailed out. This must be done by staff not receiving the cheques.

15.4 Bank Account Administration

- The opening and closing of Bank accounts must only be done with the **EXCO**'s approval.
- The **EXCO** can delegate the action to the **HoF**.
- The **HoF** cannot act independently without the **EXCO**'s approval. This also includes online access to the Bank.
- All the **MA**'s bank transactions must always have a minimum of 2 authorised signatories.
- The **HoF** must be given authority to set:
    - minimum balance to have in bank account
    - the limit on total daily online banking transactions
    - daily limit for each bank account
    - individual transaction limits for signing cheques
    - individual transaction limits for online transactions
- The **HoF** must be authorised to place fixed deposits with a licensed banking institution.
- Making and withdrawal of funds must comply with written policy.
- All withdrawals of fixed deposits must be authorised by the **GS** and **President**.
- All withdrawals before due date must be recommended by the **HoF** and **GS** for approval.

15.5 Bank Reconciliation

- Monthly Bank Reconciliation Statements (**BRS**) must be prepared 3 working days after end of the month.
- The **BRS**s are prepared by Finance Manager and reviewed and approved by the **HoF**.
- The **BRS**s must state:
    - bank name
    - account number
    - currency details
    - all reconciliation items such as unpresented cheques and funds not banked in
- **BRS**s must be done by staff not involved in authorising payments.

- **BRS**s must compare bank balance as in the general ledger, uncredited deposits and cheques issued that are not cleared. This balance must reconcile to the bank statements.
- All unreconciled items must be investigated, explanations received and corrected immediately.
- **BRS**s must include:
    - copy of the balance as in accounting records in the general ledger
    - copy of the bank statement
    - list of all outstanding cheques (with dates)
    - list of all deposits not credited
    - summary of deposits and record of all transfers
    - copies of all debit and credit memos and transfer advices
    - other documentation and working papers in support
- All cheques not cashed after 3 months (90 days) from date of issue must be checked. This includes contacting the payee.
- After investigation, to decide whether to replace or cancel the cheque and make the adjusting entries in the accounting system.
- All differences between the bank statement and accounting records must be investigated immediately to get the reasons.
- If an adjustment needs to be made into the accounting system, the **HoF** must note in the **BRS**s and approve.
- The **HoF** is responsible that monthly bank reconciliations are done on time and accurately and that all bank and other errors are resolved and accounted for.

16. INVENTORY MANAGEMENT

16.1 Policy

- The most important objective is that inventories must be accounted for and stored securely.
- The **MA** must have systems to accurately record the order, receipt and sale/use of inventories.
- Controls for accurate updates into inventory systems must be in place.
- Inventories must only be bought/acquired using the **MA**'s procurement and purchasing policies.
- There must be separation of duties and restriction of access to inventories.
- The processing of inventory transactions must follow the **MA**'s policies.
- Physical stock take must be done regularly and at end of the reporting period.
- Immediately after the stock take, need to reconcile physical count with the system records. All differences must be explained and documented.
- Valuation of inventories will be based on policy that the **MA** decides to use. This cannot be changed frequently and if changed, the reason documented.
- Final valuations will be stated in the **FSs**.
- Inventory that is old or damaged must be identified. Only senior management can authorise it to be disposed and/or scrapped.
- The reason for this must be documented.

16.2 Purchased Items and Physical Control

- Officer responsible for inventory must have a system to record:
  - new additions
  - issue to user, sales or transfers
  - returned items
  - disposed and/or scrapped items
- Inventory records must be kept by staff not in charge of the physical goods.
- Monthly, the **HoF**/Finance Manager must reconcile inventory balances to purchase and sales/uses.

- Store Manager must secure storage of all inventories. Importance should be based on type and value of each type of goods.

16.2.1 Storage of Inventory

- Inventory must be stored in a secured, exclusive-use area under lock and key.
- Valuable inventory must be insured.
- Inventory must be stored to allow efficient handling and checking. They must be clearly labelled to identify them.
- Steps must be in place for safe custody to prevent loss or theft.
- Unauthorised persons cannot enter the store on their own. Must have store staff with them at all times.
- Sponsored items must be stored and accounted for and separated from items owned by the **MA**.

16.3 Receiving Inventory

- Quantity and quality of inventory received from suppliers must totally agree with specifications on the Purchase Order (**PO**).
- Administration staff must compare the Delivery Note to the **PO** when accepting the goods.
- Invoice and/or Delivery Note must match the supplier's name and order number.
- Administration staff then creates a Goods Received Note and inputs into the system that all inventory items are delivered in good condition.
- Administration staff must ensure:
  - all Delivery Notes and/or Invoices signed by receiver and the deliverer
  - all incorrect delivery items must be rejected
  - if any are rejected, it must be stated on the Delivery Note
  - supplier must sign all amendments on the Delivery Note/Invoice
- Once goods are accepted, they are handed over to the Store Manager who must sign that they are received.
- Store Manager records the inventory into the store system and keeps the goods secure in the store.
- The store updates its records, and the inventory system must be updated the same day the goods are received.

16.4 Issuing of Inventory

- Only administration staff and the Store Manager are authorised to issue inventory from the store.
- Inventory must only be issued using approved requisition forms.
- All requisition forms must be checked carefully so that unauthorised additional goods cannot requisitioned.
- Officer taking the inventory must acknowledge receipt by signing.
- Administration staff must state in the system whether the goods are for sale or internal use.
- Regular reconciliation of the records of the Administration Department and the Store Manager must be done, and differences must be resolved immediately.

16.5 Records and Reconciliation

- An inventory register/database must be maintained for all inventory items (manually and/or electronically). Details to be included are:
    - order number/date
    - item description
    - quantity and value of stock on hand
    - quantity and value of stock just received
    - quantity and value of stock issued
    - staff name and department of person(s) taking out stock
    - date of issue
    - reorder level
    - ideal inventory level
    - quantity and value of obsolete stock (say more than 2 years unused)
    - opening/closing balance
- Inventory register must be printed monthly and reviewed.
- To reduce manual work and errors, all identification data on the Inventory Sheets must be updated into the inventory records system.

- All differences must be reviewed and explanations recorded.
- Physical stock take must be done at least annually but best every 6 months. Differences between physical count and system records must be investigated and resolved.
- Once done, Finance Department must be notified. This for updating the Accounting System immediately.
- Where differences are due to theft or pilferage, Administration Manager/Store Manager must report the matter to the **HoF** and **GS**.

17. FIXED ASSETS

17.1 Policy

- Acquiring fixed assets for the **MA** must strictly follow the **MA**'s Policy.
- This is because fixed assets have high values and are not easily converted into cash.
- All Fixed Assets purchased will be the property of the **MA**.
- The **MA**'s policy must include all types such as land, buildings, equipment, etc..
- These must be safeguarded and identified for verification and for value.
- All disposal of fixed asset must follow Policy.
- All Fixed Assets greater than **MA**-defined threshold of say $xxxx are usually depreciated on straight-line basis, based on useful usage. Suggestions are:

Freehold Land	not depreciated
Freehold Buildings	50 years
Computer Equipment	3/4 years
Furniture and Equipment (incl. fixtures and fittings)	5 years
Motor Vehicles	5 years

17.2 Acquisition and Capitalisation

17.2.1 Acquisition of Assets

- Purchased Assets:
  - be recorded at actual costs based on vendor invoice
- Constructed Assets (such as Office HQ using **AFC**/**FIFA** grants):
  - all direct costs (including labour) for the construction project
- Donated Assets:
  - based on fair market values
- Purchasing a Fixed Asset is done in the same manner as other purchases.
- Must be approved through the capital budget process.

- The **HoD** prepares a Purchase Requisition and follows the purchasing process policy.
- Where it was not budgeted, the **HoD** must give explanations why it is urgent.

17.2.2 Capitalisation Thresholds

- A "Capital Asset" is an asset with a useful life of more than one year and a value of more than as decided by the **MA**.
- Capital Assets are then capitalised and depreciated over their useful lives.
- Any purchase of goods with a useful life of less than 1 year is not a fixed asset but an expense.
- Capital Assets are stated at historical costs on date acquired.
- Supporting invoices for these purchases must be retained as auditors and government agencies will carry out checks.

17.3 Fixed Asset Register and Verification

- The **MA** must record all capitalised assets in the Fixed Asset Register. Finance Department is responsible for this.
- Data captured in the Fixed Asset Register should include:
  - description of asset
  - serial number/identification number
  - if Grantor Fund paid for the asset
  - date of acquisition
  - cost
  - location of assets
  - who is authorised to use it and the assignment
  - depreciation rates applied
  - date when the donated assets were given
- All Fixed Assets must be tagged and identified in the Fixed Asset Register.

- The **HoF** must sign off each year that the Fixed Asset Register is correctly maintained.
- All departments must do an annual verification of assets in their department.

17.4 Bar-Coding, Tagging and Recording

- The **MA** must carry out physical inventory of all fixed assets regularly and not just at year end.
- Tagging must be considered as:
    - it is an accurate method of identifying individual assets
    - helps physical tracking and control of location
    - protects against theft (because of awareness and alarm will trigger once taken from premises)
    - enable Finance Department to engage with other departments
    - tags must be pre-printed and unique to each asset
- Asset tags should be:
    - where easily accessible to view
    - not negatively affect daily operations
- The **MA** must comply with external auditors and the Registrar of Societies/Charities to maintain a Fixed Asset Register.
- The Fixed Asset Register is to account for depreciation and ensure accuracy of actual status.
- The Fixed Asset Register must be maintained and updated regularly.

17.5 Depreciation Policies

- Each asset in **MA**'s Fixed Asset Register, excluding freehold land, must depreciated over useful life.
- Assets under construction are not depreciated until completed and in use.

- The **HoF** must review provisions made for depreciation.
- The **MA** will generally use straight-line depreciation basis. Suggested rates are as follows:

Capitalised Fixed Assets	Depreciation Rate/annum
Freehold/Long leasehold buildings (50 Years)	2%
Office Furniture (5 Years)	20%
Plant & Machinery (5 Years)	20%
Computer and other Equipment (3/4 Years)	25%
Motor Vehicles (5 Years)	20%

- The depreciated amount must be calculated and apportioned on a monthly basis to the Monthly Management Accounts.
- Depreciation commences when the asset commences being used and stops when it is sold, fully depreciated, scrapped, written off or disposed.

17.6 Write-Offs and Disposals

17.6.1 Write-Offs

- Even if a fixed asset is fully depreciated, it can only be written off following recommendation by the **HoD** and finally, approved by the **EXCO**. The reason must be documented in the **EXCO** Minutes.

17.6.2 Disposal

- Disposal of movable assets must be at market value and only with the **EXCO**'s approval.
- It must be recommended by the **GS** to **EXCO**.
- All disposals must be at market value whichever basis is used.
- Fixed Asset Register must then be updated and reasons stated in brief.
- Proceeds on all asset sales must only be to the **MA**.
- If the asset was bought using grants, the grant funding processes must be followed.

17.7 Loss of Assets

- All fixed assets with a high value must be insured. This to protect the **MA** regarding value and replacement.
- When an asset has been lost or stolen, the **HoD** must immediately report to the **HoF** in writing.
- The loss must be updated in a separate Register of lost/stolen assets and reviewed regularly to decide if the **MA**'s policies need to be changed to ensure better control of assets.
- Assets lost/stolen must be written off, documented and the Fixed Asset Register be updated.

18. RESERVE POLICY

18.1 Introduction to Reserve

- A Reserve comes from resources over the past operations. This mainly from operating surpluses or amounts set aside for a specific purpose from funds not used.
- A Reserve can be in cash form or an investment.
- The **EXCO** must have a Policy on:
  - purpose of and maintaining the Reserves
  - basis of how and why to use the Reserves
  - authority over the use of the Reserves
  - basis of monitoring and reporting the use of the Reserves

18.2 Purpose

- To build and maintain adequate level of net assets/funds to support the **MA**'s daily operations.
- It can be used one-time or on a recurring basis.
- Reserves must be placed for investments if there is no immediate need of use.
- It cannot be used for day-to-day operations at all. Only for a specific purpose and approved by the **EXCO**.
- Once used, the **MA** documents the basis of replenishing the amounts used and the time period needed to do so.
- The objective of this Reserve Policy is to support the goals, strategies and operational plans of the **MA**.

18.3 Definitions and Goal Setting

- The Reserve Fund is a Designated Fund by decision of the **EXCO**. The **EXCO** sets aside the amount after considering the amounts required for day-to-day operations.
- The objective of the Reserve Fund is to ensure that the **MA** has enough funds for daily operations.
- The actual Reserve to be set aside will be decided at end of fiscal year-end.

- The **EXCO** decides new Reserve targets for the next year.
- Reserves from Donors and other Restricted Funds can only be used for the agreed purposes.

18.4 Authority to Use Reserves

- The **GS**/**HoF** must submit to the **EXCO** written a request to use Reserves. The request will state how the funds will be used and how it will be replenished.

18.5 Returns from Investing Reserves

- All investment returns from Reserves must be added back to Reserves as it is not operational income.

18.6 Review of Policy

- This Policy must be reviewed by the **EXCO** every year to assess if changes need to be made.
- Changes must be recommended by the **GS**/**HoF** to the **EXCO** for approval.

19. INVESTMENTS AND FIXED DEPOSITS

19.1 Policy

- The **MA** must take careful steps in managing its funds. The objectives are:
    - all surpluses in the cash balance must be invested to earn interest income
    - all funds not required over the next 2 months, except for **FIFA** and **AFC** Grants, should be placed on fixed deposit with interest
    - the placement must be risk-free and only for the short-term
    - use only licensed commercial banks and financial institutions
    - the **MA** should not invest in equities, long-term bonds or fixed investments unless decided by the **EXCO**
    - the **MA** should not place funds overseas unless there is a good reason and only with the **EXCO**'s approval

19.2 Investment Portfolio

- The **MA** must manage its funds to maximise returns.
- Must be at direction of the **EXCO**.
- Only place funds that are currently not required into an investment account (e.g. money market account or fixed deposit account).
- Only invest into products that are immediately convertible to cash.
- Interest earned can be rolled over with the principal or credited to the **MA**'s bank(s) as directed by the **EXCO**.
- The **HoF** is responsible but only with the approval of the **EXCO**.

20. CONFLICT OF INTEREST POLICY

20.1 Definition

- A conflict of interest is: "A different objective between the responsibilities of a person in a position of trust and any other interests that person can have". e.g. when person proposes a purchase from a supplier who is linked to that person and then gets a personal benefit.

20.2 Forms of Employee Conflict of Interest

- Staff using their position in the **MA** for personal benefit.
- Staff using connections of the **MA** for personal purpose and benefit.
- Staff using the **MA**'s equipment or resources for personal external business.
- Staff actions that compromise the **MA**'s position (e.g. taking or giving bribes).

20.3 Disclosure Policy – Internal Parties

- Staff must disclose to direct manager when they believe there is a conflict of interest.
- This process is as follows:
  - staff believes there is a conflict and informs manager
  - manager reviews and confirms if there is a conflict
  - complete the Employee Disclosure Statement
  - the **MA** to review and act
- Not disclosing such situations is against the **MA**'s Regulations and Policies.
- Staff who violate this Policy will face disciplinary action including termination of employment.

20.4 Conflict of Interest Situations – Internal Parties

- Examples of internal conflict of interest situations:
  - supervisor is a relative or close friend of staff and supervisor decides the job responsibilities, salary and/or promotions
  - personal relationships between managers and staff
  - manager or staff is directly linked with the **MA**'s customer or supplier
  - internal investigations done by related parties (e.g. fraud or harassment investigations)

- staff accepts trips/gifts from a vendor and selects that vendor's products for the **MA**
- staff accepts gifts/programmes from training company and then recommends those programmes
- hiring family members, relatives or close friends of any of the **MA**'s staff, senior management or the **EXCO** members

20.4.1 Permitted Transactions

- At times, conflict of interest transactions may be allowed only when:
  - full disclosure to the **EXCO** on all possible conflicts and full details of the transaction
  - the staff involved does not make decisions on choice of vendors, contractors, consultants and issue of contracts
  - the **EXCO** must review all implications and decide if there is a conflict of interest
  - decision of the **EXCO** is final and must be recorded

20.5 Disclosure Policy – External Parties

- The Policy applies to all contractors, consultants, vendors/suppliers and business partners doing any work for the **MA**.
- Vendors/suppliers must not use wrong ways to influence decisions of the **MA**'s staff.
- There is conflict of interest where personal interests or actions of vendors/suppliers, contractors, consultants or business partners influence the **MA**'s staff. Staff then do not act in the best interests of the **MA**.
- All vendors/suppliers, contractors, consultants, or business partners who want to do business with the **MA** must complete the Vendor Conflict of Interest Disclosure Form before services are done.

20.6 Conflict of Interest Situations – External Parties

- Examples of external conflicts of interest:
  - a vendor/supplier, contractor or consultant gives monies (kick-back) to staff
  - a vendor/supplier, contractor or consultant has authority over staff who is a family member or has a personal relationship
  - a vendor/supplier, contractor or consultant uses confidential information for their benefit

- when an unqualified relative of staff is hired for services to the **MA**
- a consultant provides services to both a vendor/supplier and a purchaser for the same transaction
- staff has control over purchasing decisions and has a relationship with the vendor/ supplier who offers the services and/or products
- a consultant who is a relative or close friend of a staff, is hired without proper approval

21. RISK MANAGEMENT AND INTERNAL CONTROLS

21.1 Purpose and Objectives

- Risk Management is defined as:
    - "A process of documented responses that should be followed when some future event that could cause harm occurs". This has strategies, techniques and on how to recognise and deal with the threat that prevents the **MA** from fulfilling its mission.
- A full Risk Management Policy (**RMP**) ensures the **MA** is able to continue to achieve its objectives currently and in the future. As the **MA** receives operating funds from few sources and with the type of activities done by a **MA**, some risks are always present.
- The **MA** must thus monitor levels of risk and have a risk management plan.
- This plan must have steps to reduce identified risks becoming operating issues with adverse impacts.
- The **MA** must consider risks in its main activity of football administration and provide a safe, fair and good situation for all players, spectators, coaches, officials, administrators, visiting teams and stakeholders.
- The **EXCO** must put in place good system of risk review and management. This is done with internal control and good governance.
- A Risk Management Committee (**RMC**) must be formed and empowered by the **EXCO**.
- The **RMC** reviews all risk-related matters and puts in place a system of risk management and internal controls.
- The **RMC** must report regularly to the **EXCO** that the system in place is good and effective.

21.2 Policy

- Each department in the **MA** is responsible to:
    - have clear objectives to identify and assess risks
    - have strategies in the system of internal controls to protect the **MA**'s assets and limit liabilities
    - review that the risk monitoring system is good and effective
    - comply with the **MA**'s risk policies, processes and guidelines
    - give regular Risk Management Reports to show compliance

- The Risk Management Framework must include:
  - review and monitoring the system of internal controls
  - develop plans and strategies to review risks
  - delegate how transactions are approved
  - support risk management processes in the **MA**
  - assign accountability for managing risks
  - identify weaknesses
  - inform stakeholders on good risk management practices
  - report how effective the system of internal controls are
  - protect corporate image of the **MA**

21.3 Risk Identification

- The **RMC** must identify risks and review the system of internal controls in place, to reduce risks.
- Risks must be monitored and reported.
- Need to assess possible risks when there is a new work or project.
- Risk categories and examples:
  - Governance Risks:
    - structure of the **MA** is not right or ideal
    - competence of the **EXCO** is not adequate
    - conflict of interests
  - Operational Risks:
    - end of contract or large sponsor does not continue
    - reducing gate collections due to falling attendances
    - poor staff recruitment and training
    - lack of security at matches

- Financial Risks:
  - inaccurate or incomplete financial information
  - low reserves and cash flow
  - limited income sources
  - poor financial management policies
  - insurance cover is not adequate
- External Risks:
  - poor reputation by public
  - changes in regulations
  - poor economic/political situation
  - negative conduct of vendors/suppliers and donors
- Compliance with Laws and Regulations:
  - staff responsible have poor knowledge of required laws and regulations
  - non-compliance with health and safety regulations

21.4 Risk Assessment

- Risk assessment is looking at the **MA**'s workplace to note matters, situations and processes that may cause harm. Once identified, the following steps must be undertaken:
  - rate the likelihood:
    - Highly Probable (5) – expected to happen regularly
    - Probable (4) – expected to happen many times
    - Possible (3) – expected to happen sometimes
    - Unlikely (2) – expected to happen a few times
    - Remote (1) – expected to happen very rarely

- The **MA** can set up a table to rank the impact of the risk. A suggestion is as follows:

DESCRIPTOR	SCORE	IMPACT ON SERVICE AND REPUTATION
Insignificant	1	• No impact on service • No impact on reputation • Complaint unlikely • Litigation risk remote
Minor	2	• Slight impact on service • Slight impact on reputation • Complaint possible • Litigation possible
Moderate	3	• Some service disruption • Potential for adverse publicity – avoidable with careful handling • Complaint probable • Litigation probable
Major	4	• Service disrupted • Adverse publicity not avoidable (local media) • Complaint probable • Litigation probable
Extreme/Catastrophic	5	• Service interrupted for significant time • Major adverse publicity not avoidable (national media) • Major Litigation expected • Resignation of senior management and EXCO resulting in loss of confidence

- The **MA** then calculates the score as follows:

	Impact	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood	Score	1	2	3	4	5
Highly Probable	5	5	10	15	20	25
Probable	4	4	8	12	16	20
Likelihood	3	3	6	9	12	15
Highly Probable	2	2	4	6	8	10
Probable	1	1	2	3	4	5

- The **MA** then decides on a risk action matrix as follows:

Cumulative Score	Risk Rating Level	Awareness / Escalation / Action
1-5	Low (L)	RMC for awareness and to note
6-11	Medium (M)	Sub-Group including RMC, HoF and GS (recorded in organisational Risk Register) for response action
12+	High (H)	EXCO (recorded in Risk Register) for response action

21.5 Risk Register

- The **RMC** must keep a record of all policies and procedures, the assessment, identify major risks and steps taken to reduce the adverse impact.
- These are then recorded in the **MA**'s Risk Register.

21.6 Internal Controls

- Internal control is keeping an efficient process to ensure the **MA**'s objectives are met, have good financial reporting and complies with laws, regulations and policies.
- Reasons for internal controls:
  - ensure financial information is accurate to produce good reports
  - ensure compliance with laws and regulations
  - ensure effective operations so that all staff are efficient and effective
  - ensure goals and objectives are achieved
- All staff in the **MA** must know the processes regarding their daily work.
- **EXCO** must review these regularly.
- The following must be done to have a good system of internal controls:
  - ensure compliance with Grants and Donations
  - ensure system of internal controls is reviewed periodically and reported to the **EXCO**
  - ensure there is a code of conduct
  - ensure there is a way to prevent fraud and corruption
  - ensure system of internal controls covers all the **MA**'s operations

22. ALLOCATION OF OVERHEADS TO DEPARTMENT AND FUNDS

22.1 Policy and Purpose

- Overhead costs are the indirect costs and expenses of the **MA** that are not specific and are general like rent, administration and marketing.
- These are then allocated to departments so that the true cost of the department is known.
- The **MA** must have a Policy to share these costs to the departments fairly and be consistent.

22.2 Definitions

- Direct Costs: these are identified easily such as salaries and team travel.
- Indirect Costs: are general such as rental, utilities and telecommunications.
- Indirect Cost Rate: the way these are shared by departments and funds.

22.3 Method for Allocation to Departments

- Important principles:
  - the basis is in the Accounting System
  - should not take much time
  - easy to explain and understand
  - must be fair
- Accounting staff are required to capture direct cost data at the line-item level, thus automatically allocating direct costs to respective departments/funds.
- Indirect costs are captured by the Finance and Administration Department and then allocated using the approved formula.

22.3.1 Direct Expenses

- These are usually:
  - salaries and employee costs like payroll tax and medical
  - travel by staff and also by the various teams

- rental of office and equipment
- costs during matches
- coaching and conference costs

22.3.2 Overhead Costs (Indirect Costs)

- The **MA** must have a formula or method for sharing these costs to the departments. These are usually:
  - based on the headcount/number of staff
  - rent – using floor space of each department
  - telecommunication – number or direct telephone lines and mobiles issued
  - printing and stationery – by using codes on the machine
  - by Formula: (Number of Staff in Department ÷ Total Number of **MA** Staff) × 100 = Indirect Cost Rate (%). This rate is then applied to all overhead costs to allocate the related proportion to each department.
- Other common overhead costs are utilities, office repairs, insurance and consultancy fees.

22.4 Key points to Consider

- Grantor Funds are very specific. Any allocation of overheads must be discussed and agreed.
- Costs incurred for non-football related activities must be measured.
- The basis of sharing must be included in the Budget and in the monthly management accounts.
- Need first to be clear what are direct costs and what are indirect costs. Then to decide how they are to be shared and then to keep the basis consistent.



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