

Wireless institute of Australia

Treasurers' Report for 22 November 2016 Board Meeting

Financial Position

A great amount of work has been undertaken since our last report to the Board. We are not attaching MYOB reports as there is still a great deal more work to be done to identify and correct the errors in the accounts.

At this stage, the deficit for the year to 30 September is \$58.9K. Invoicing adjustments will reduce this deficit by a further \$10K. However, there are further inventory corrections and adjustments as well as the correction of errors in the 2015 accounts (discussed later in this report) that may significantly increase this deficit.

Issues with the 2016 accounts

The state of financial record keeping in MYOB was far worse than the President had indicated when we discussed the roles of Treasurer and Assistant Treasurer. This has resulted in very many hours spent reviewing MYOB entries to uncover errors, undoing and recreating past reconciliations.

In summary:

- The inventory module in MYOB has never been set up correctly. There is a significant variation between inventory levels according to the bookshop software and the latest stocktake. The reasons for this are:
 - Sales reports from the bookshop s/ware have not been correctly reconciled
 - Direct sales through MYOB have not been recorded correctlyWe are now working on correcting all these errors, setting up a robust inventory management system and training National Office staff. We are also meeting with Marc Hillman to see whether it is possible to produce better reporting to assist in entering Bookshop data into MYOB
- Invoicing for advertising in AR magazine had not been done for six months. One advertiser had not been invoiced since August 2015! We have corrected this backlog of invoicing and have set up a system for monthly invoicing.
- 2015 End of Year Journals provided by Kidman Partners in April/May were never entered into MYOB
- Invoicing to advertisers in the Foundation licence manual had been duplicated. This has now been corrected and an apology sent to Icom and Yaesu.
- Recommended MYOB operating procedures for processing payments and receipts are not being followed making reconciliations very difficult and time consuming. This will be addressed by further staff training
- The MYOB bulk payment system is not being used. Implementation of this would result in staff time savings and fewer errors.
- Staff are experiencing great difficulty in reconciling the various revenue streams. We will assess these to ascertain whether some rationalisation can be possible.
- The present accrual system is also causing problems for staff. We will review this to see whether any simplification is possible.

- All MYOB invoices are currently being sent by mail. We are implementing a system where they will be emailed in future, resulting in both time and cost savings.

Issues with the 2015 Accounts

As part of our investigations it has been found that the 2015 financial year had not been closed out. (In MYOB rolled over to the new financial year). We first looked at the President's report to members and there seemed to be some inconsistencies. On closer examination:

- In the expense line, International Representation in advance shows a balance of \$3,000. Was this amount spent? There was also a journal for \$8,800 August 2015 giving this net figure of \$3,000. Unless this amount was paid then it should not appear in the P & L.
- In December 2015, there was a debit in the P & L for International Representation of \$15,000 giving a net expense of -\$112.20. There seems to be an expenditure but it has been journalled out.
- There are also other journals on the income side of the P & L which don't quite add up and other smaller amounts in the expenses that need investigation.
- Currently, the net loss in MYOB for 2015 is -\$17,351.28

The consequences of these journals are that the losses declared in the report for 2015 may have been seriously under reported. This is suggested by the discrepancy of the net change of current assets of from \$143,445 to \$87,158 (\$56,267).

Page 15 of the report shows Receipts from customers as \$558,202 and payments to suppliers and employees was \$623,888. This indicates a trading loss of \$65,686 but the P & L only shows a loss of \$12,680.

We don't need to tell you that the consequence of incorrect reporting of the finances to members is a very serious matter. We must now examine every transaction in 2015 to ensure they are correct. This will take some time.

As a byline, there are some suspicious journal transactions in the 2016 financial year that need some attention also.

Memnet

Staff are experiencing difficulty reconciling Memnet data. There is also unnecessary double handling of data with potential for errors. According to the Memnet web site there is a Memnet module available that integrates directly with MYOB Accounts Receivable. We understand that this has been installed but it is not being used. We will work to ensure that it is set up correctly in coordination with the WIA Memnet representative.

Office management

It is very clear that there have been major failures in operating procedures and training at National Office. A great deal of the blame for this has been placed with the Executive Administrator (EA). The Treasurer too, has been a vociferous critic of the EA. On reflection, this is both unfair and unjustified.

We have an individual who is trying hard to perform a very difficult task. He inherited a very messy situation. He was never given a proper induction or the opportunity for more training. We believe that, with the implementation of more robust and easier to understand operating procedures and being given more training, the EA will be able to perform more effectively.

There have been problems with MYOB since at least 2015 – probably earlier. The situation with the WIA's financial management has been so bad that there has been a rapid turnover of treasurers. Band Aid solutions such as employing temporary bookkeepers and CPAs have been applied at considerable expense but have failed because they have clearly not been properly briefed, supervised or given priorities. In other words, they haven't been managed.

Throughout 2015/16 state of the MYOB accounts deteriorated to such an extent that it has not been possible to produce accurate financial reports for several months. This resulted in a highly embarrassing situation at the 2016 AGM. Then, when the CPA finished on 30 June, the accounts were left unattended for a period of three months until 2 Peas Bookkeepers were appointed in October. We understand that no competitive tender was sought and they were found via a Google search.

All this happened while Director, Mr Fred Swainston, was supposed to be overseeing the National Office. During a significant part of this time he was paid under the business name "Trainsafe", of which he is principal. We are firmly of the opinion that this was a clear conflict of interest. Under Mr Swainston's watch the WIA "failed to maintain accurate accounting records" and was almost certainly, once again, in breach of the Corporations Act. This exposed **all** Directors to a risk that is not insurable under Directors Liability Insurance.

On Mr. Swainton's website (as of 18 November 2016) it claims that he and his business are a RTO for the WIA. As we understand it, his RTO was cancelled some time ago. This is misleading and deceptive conduct.

The Treasurers consider, and the Board should agree, that the only honourable course of action is for Mr Swainston to stand down as a Director of the WIA at the conclusion of this meeting.

Operational Report.

To have good operations it is essential for a proper framework. One of the most significant operational shortcoming is the inadequacies of the WIA constitution. We understand that there is a constitution review committee. What guidelines have they been given? We should not be registered as a Company Limited by Guarantee but registered as an Incorporated

Association under one of the State or Territory Incorporated Association Acts. This is the structure of most small NFP organisations.

Because of the lack of a robust constitution the President is completely ineffectual in maintaining any discipline within the board. It is apparent that there are no regulations or guidelines for the conduct of a Director. Are there any documents that outline the role of a Director?

Because there are no guidelines in the constitution for the responsible running of the WIA, the President and Board have struggled with each other and members of the WIA in being effective. The behavior towards Mr. Chris Chapman and other members whose letters have not been printed in AR Magazine is breathtaking. Hiding behind a veil of defamation is bordering on ignorance of the facts. Mr. Chapman is correct. He tells the truth. At the AGM Mr. Chapman highlighted the issues of the 2015 financial report. Exactly as we have done in this report. The board dismissed Mr. Chapman's concern and once again demonstrates the contempt the board has for Mr. Chapman and other members.

The issue of the of Roger Harrison's allegedly defamatory PowerPoint presentation has been allowed to fester. His continued disrespect to other Directors and members makes him unfit to be a Director and he should be removed.

While the constitution unfortunately allows a director to be a paid servant of the WIA it once again shows that Messrs. Broomhead, Harrison, Swainston, Linton, Wait and McLeod have little understanding to the proper running of an association. Hiding behind an ineffective constitution typifies their lack of knowledge on how not to manage a conflict of interest. Community standards have changed and they do not take kindly to conflicts of interest.

In Summary

The current behavioral issues with Board are not helping to fix these problems and only compound these serious issues of misleading and unconscionable conduct. Chris Chapman's assertions are correct and disturbing.

We now have a very serious issue on our hands. To repair the 2015 year, we will have to engage another accountant for advice and at some expense to get the numbers correct.

The problem of the disastrous state of the WIA's accounts has been compounded by the unacceptable behaviour of Mr Harrison that has exposed the Institute to the threat of litigation as well as self-interest and poor management of the National Office by Mr Swainston. We have personally witnessed a rising groundswell of dissatisfaction with the WIA's Board and management at Club level. This started long before Messrs Simmonds and Smith commenced their "Roadshow".

Messrs Simmonds and Smith are both in professions that demand the highest standards of ethics and integrity in both their professional and personal dealings. Consequently, they felt obliged to raise their concerns at Board level where they fell on mainly deaf ears. Their only

course of action was to go public. The findings of this independent report totally vindicate their position and demonstrate that they were acting in the best interest of the WIA and not on some “personal crusade” as certain Board members have suggested.

As previously stated, the time has now come for the President to show strong leadership and require that Messrs Harrison and Swainston take the only honourable course and resign as Directors of the WIA at the conclusion of this meeting. Otherwise, the future of this once noble Institution looks very bleak indeed.

The Directors should be thankful that as Treasurers we are not Directors of the WIA. In our present position we are able to perform our duties. Under the current circumstances we would not wish to be Directors of the WIA because of the inadequate constitution and lack of moral and ethical fibre exhibited by certain directors. The liabilities are too high.

Chris Hendry – Treasurer WIA

Jeff Tubbenhauer – Asst Treasurer WIA

18 November 2016