

Policy No: 2.1	Policy Name: <b>Financial Management</b>
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Applies to:	Version:
Specific responsibility:	Date Approved:
	Review Date:

## 1. Purpose

This policy establishes [Service name] approach to ensure security of financial management across all programs.

## 2. Policy statement

[Service name] is required by Australian Securities and Investment Commission (ASIC) to keep proper financial records, ensure financial probity and submit an annual audit.

[Service name] is committed to effective management of the organisation's finances, the prevention of fraud or mismanagement of its funds and accountability to our members for the use of organisational funds and to funding bodies and donors for the funds they have provided.

[Service name] will:

- Maintain appropriate records of financial transactions and accounts that comply with the Australian Accounting Standards
- Implement a system of approvals for financial transactions
- Document delegations of authority for approving financial expenditure
- Ensure safeguards are in place to prevent fraud and financial mismanagement
- Provide staff who are responsible for bookkeeping and financial management with relevant documented financial procedures

## 3. References

Nil

## 4. Definitions

Nil

## 5. Procedure

### Bank Accounts

[Service name] maintains the following bank accounts:

- Business Account [ADD AC No]
- Interest Bearing Deposits [ADD AC No]
- Any other account such as credit cards [ADD AC No]

The Board must approve the opening and closing of any bank account and the investment of funds.

A transfer of funds between any two [Service name] accounts will require the approval of the Treasurer and Chairperson.

## Maintaining appropriate records

Financial records will be kept according to Australian Accounting Standards.

Financial records will be maintained in the following manner:

- Transactions will be recorded electronically using accounting software approved by the Treasurer
- Electronic entry of transactions will be done by the Bookkeeper
- Accounts will be reconciled monthly by the Bookkeeper
- [Service name] utilises the Standard Chart of Accounts
- Hard copy primary records will be maintained by the [ADD POSITION]
- Financial records will be archived for a period of 7 years

## Processing transactions

All accounts will be dealt with promptly and within specified time frames.

## Accounts receivable

The [ADD POSITION] will manage all accounts receivable and:

- Send out invoices on a monthly basis
- Process payments received and bank deposits
- Maintain documentation

## Accounts payable

The [ADD POSITION] will manage all accounts payable and:

- Ensure all purchases have the necessary approval before processing
- Process payments to creditors either by cheque or electronic funds transfer (EFT)
- Issue a remittance advice to a creditor when an EFT payment is made

## Approvals and delegations

All expenditure must be approved by the appropriate delegated person or people. Delegations of authority for expenditure are set by the Board.

- The Board approves the annual budget which sets the parameters for annual expenditure
- Expenditure within budget and up to [\$x] requires authorisation by [ADD POSITION].
- Other than the payroll transaction, PAYG, Superannuation and BAS payments, expenditure within budget and over [\$x] requires the authorisation by [ADD POSITION]
- Any item of expenditure that is a budget overspend up to [\$x] requires authorisation by [ADD POSITION]
- Any item of expenditure that is a budget overspend above [\$x] requires authorisation by the Board
- The position may authorise an item of expenditure that is a budget overspend up to [\$x]

All cheques must be signed by any two of the people who are delegated to authorise the payment.

All EFT payments must be authorised by any two people who are delegated to authorise the payment.

## Preventing fraud and financial mismanagement

Financial management security is maintained through:

- Procedures for obtaining and documenting approval for expenditure
- The receipting and reconciling of all money received by the organisation with banking records
- Monitoring and checking of accounts and reconciliations by the Treasurer
- A monthly finance report to the Service Manager
- A monthly finance report to the Finance Sub Committee
- A monthly finance report to the Board
- Monitoring of the budget by the Service Manager, Finance Sub Committee and the Board

### Providing documented procedures

[Service name] will ensure the following procedures are documented in detail in an administration manual:

- Money handling procedures for staff collecting or processing money (receipting, banking, reconciling)
- Bookkeeping instructions for staff entering financial transactions into the accounts
- Petty cash procedures for all staff using petty cash
- Monthly monitoring and checking procedures

## 6. Related documents

To be reviewed and added to as part of the quality review cycle.

## 7. Review

Reviewing and approving this policy		
Frequency	Person responsible	Approval
[How often will this policy be reviewed]	[Position of person responsible for reviewing policy]	[position of person/group who approves this policy]

Policy review and version tracking			
Review	Date approved	Approved by	Next review date
1			
2			
3			