## 3.3 Financial Management Policy

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| **Version:** 001 |
| **Date approved:**  |
| **Date of review:**  |
| **Authority to amend: Board**  |
| **Context and standard links***ACNC Governance Standards* |
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The ABCD Board of Management (the Board) will ensure financial systems that support effective management and accountability. Sound financial management will ensure that:

* there are adequate funds for the operation of the organisation
* the organisation works within the limits of these funds
* proper records are kept, funds are accounted and financial monitoring is maintained.

### Responsibilities

The Board has ultimate responsibility for ensuring that ABCD operates within a responsible, sustainable financial framework.

The Treasurer is responsible for ensuring:

* an annual budget is prepared for approval by the Board
* proper books of account are correctly maintained and kept safe
* monthly financial reports are produced and presented at Board of Management meetings
* Board of Management members understand the financial reports
* legal and contractual obligations in regard to financial management and taxation are met
* an audit of the books is prepared each year and a statement of financial performance of the Association is submitted to members at the Annual General Meeting.

The Manager is responsible for:

* assisting the Treasurer in budget preparation, financial reporting and overall financial management
* monitoring day-to-day operations within the budget
* ensuring that financial policies and procedures are followed
* ensuring proper financial record keeping and reporting.

The Administration Manager is responsible for:

* bookkeeping and financial records
* payments, receipts and banking
* preparation and remittance of taxation obligations
* preparation of financial reports.

Authorising officers are responsible for approving payments within their scope of delegation, as defined by the ABCD *Delegations Register*.

### Financial management systems

ABCD will maintain an electronic bookkeeping system that allows for the entry of financial transactions and for the production of clear and accessible financial reports.

The financial management system will include the following, minimum information:

* income and expenditure
* assets, liabilities and debtors
* accruals and provisions
* taxation, staff payments and superannuation.

### Authority to sign cheques

No member of the Board or employee will have sole access to ABCD funds and investments, including through cheques, electronic payments or internet banking arrangements.

Each instrument of payment will be endorsed by two eligible signatories. Eligible signatories are Board members or staff members who have been endorsed by the Board.

All cheques presented for signing will be accompanied by the source documents.

The signatory will check the payment details against the source documents and no blank cheques may be signed.

Signatories cannot sign a cheque or approve an instrument of payment directly payable to themselves. This does not preclude the authorisation of general payroll payment systems.

### Approval

Expenditure within the budget is deemed approved, if authorised in line with the *Delegations Register.*

Board approval for expenditure that is outside the approved budget may be gained by a telephone or email poll, but must be ratified at the next meeting of the Board. All approval must be recorded in the minutes as a motion specifying the level of approval.

### Banking

Two authorised officers are required to jointly log on to net banking. A daily limit of $10,000 is placed on account transactions.

All new account set-ups and changes to salary payments require both authorised representatives to confirm the activity.

Banking accounts will be reconciled on a monthly basis.

### Petty cash

ABCD will maintain a petty cash system for miscellaneous and incidental expenditure of small value. Expenditure may only be incurred for ABCD business purposes. The Manager will oversee the petty cash system. In the event of theft, the Manager will report the theft to the Board, along with the total losses.

The maximum petty cash imprest will be $200. Exceptions to this requirement may only be approved by the Treasurer. The limitation for petty cash payments is $200 per transaction, inclusive of GST.

### Procurement

The following procurement requirements will apply to purchasing goods and services approved within the budget.

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| Up to $499 | No quote required. |
| Between $500 to $1,999 | Two verbal quotes required. |
| Between $2,000 upwards | A minimum of two written quotes required. |

### Accounts payable

There are three elements in the payment of accounts:

* *Verifying Officer:* a staff member who can confirm that the service or good was properly received.
* *Authorising Officer:* staff or Board member defined in the ABCD *Delegations Register* as having authority to approve payment.
* *Accounts Payable Officer*: staff member responsible for checking that correct verification and authorisation has occurred and for processing the payment.

As a fraud control measure, an individual staff or Board member cannot be the sole verifying, authorising and accounts payable officer for any single payments.

Accounts payment may be by way of cheque or electronic transfer.

### Debtors

The Board, upon recommendation from the Treasurer, will determine any provision for doubtful debts to be written-off.

### Reporting

The Board will be provided with monthly reports that include:

* year-to-date income and expenditure and variation from the budget
* reasons for budget variations and recommendations for corrective action, should any be required
* a profit and loss statement and balance sheet.

### Audit and end of year review

At the end of each financial year, the Treasurer and Manager will prepare and arrange for an audit of the annual financial records. The audit will be conducted by a person or company appointed by the members at the Annual General Meeting. A copy of the audited report will be tabled at the AGM.

The Board will undertake a detailed review of the audited annual financial report and may decide upon changes to financial management policies or systems on the basis of the report and any recommendations of the auditor.