|  |
| --- |
| **FINANCIAL MANAGEMENT POLICY** |
| **Introduction**  Sound financial management is key to the sustainability of Neighbourhood Houses and Networks. An organisation without financial management and control policy and procedures in place will have increased vulnerability to fraud and error.  **Purpose**  This Policy has been developed to define processes regarding financial delegation and management of funds on behalf of Upper Murray Regional Neighbourhood House Network (UMRNHN).  **Policy**  The Policy applies to UMRNHN staff, contractors, volunteers and Committee of Management.  The Committee of Management is responsible for the financial management and viability of the UMRNHN. Responsibility for aspects of financial management, as agreed by the Committee, may be delegated to staff, contractors or volunteers in writing, as outlined in the Delegation Policy and Procedure.  The Committee of Management will set the annual budget and ensure that the UMRNHN operates within an accountable, sustainable financial framework. The Committee will provide financial reports to the UMRNHN members when requested, and operate in an open and transparent manner at all times.  **Associated documents**  Financial Management Procedure  Delegation Policy and Procedure  **Authorisation**  UMRNHN Committee of Management Chair  Name:  Date of approval: |
|  |

|  |
| --- |
| **FINANCIAL MANAGEMENT PROCEDURE** |
| **General**   * The financial year for the UMRNHN is January to December * The UMRNHN Committee of Management will set the budget by the beginning of each financial year based on planned projects and historical spending * Financial duties and responsibilities must be separated. No one Committee member may have sole control over receipts, disbursements, payroll, reconciliation of bank accounts etc * Financial services, including payroll, accounts payable/receivable and financial reporting, will be contracted out to a professional bookkeeping/accounting service. A contract outlining terms, roles and responsibilities will be signed by the Committee of Management Chair and the contractor, and will be reviewed annually by the Committee of Management * The Treasurer will arrange for financial reports to be produced for Committee of Management meetings, and will provide a Treasurer’s Report to the Committee of Management   + The Treasurer’s Report will highlight any issues of concern or risk, and report on financial acquittal of contracts   + The Committee of Management will ensure all conditions and specifications on a contract have been satisfactorily fulfilled. * The Treasurer will ensure a current and accurate log of the chart of accounts is maintained   **Financial records**   * All financial transactions will be recorded in the financial system used by the contracted bookkeeper/accountant and will reflect the annual budget allocations * Financial records will be kept as per statutory requirements * Regular backups of the financial system will be a requirement of the bookkeeper/accountant; this requirement will be written into the relevant contract * Hard copies of financial documents will be transferred annually from the bookkeeper/accountant and stored by the Networker:   + Hard copies will be scanned and stored electronically using a cloud-based system * Electronic records from the financial system will be provided to the Committee of Management upon request, and will be stored electronically at the completion of the financial year reporting   **Bank account**   * An account will be set up and maintained with a bank or credit union, as determined by the Committee of Management * Signatories will be the Chairperson, Treasurer and bookkeeper/accountant * The account will require two signatories to authorise all transactions. Authorisation can be set up to manage electronically * After each Annual General Meeting, signatories will be reviewed. If there are changes to the Chairperson and/or Treasurer positions, the new people in these positions will make it a priority to register their signatures with the bank/credit union   **Accounts receivable**   * The Networker will request in writing to the bookkeeper/accountant for any invoices to be raised   + All relevant information will be provided in the written request, including details of what the invoice is for * All invoices will include information about how the payment can be made (EFT bank account details or postal address where cheques can be sent) and the date by which payment must be received   + The postal address will be that of the bookkeeper/accountant * If payment is not received by the due date, a reminder will be sent by the bookkeeper/accountant * If payment is still not received within a fortnight of the reminder, the Treasurer and Networker will be informed and the debtor will be contacted by phone and email. Payment arrangements will be made if possible, and formalised in writing * If payment is not received within four months of issuing the invoice, the Committee of Management will review the situation at the next scheduled Committee of Management meeting and decide whether to place it in the hands of a debt collector. This decision will take into account the amount owed, and the circumstances of the debtor, and will be minuted * Documentation will be kept in the financial system   **Disbursements**   * All invoices will be forwarded immediately to the bookkeeper/accountant, who will review each invoice for accuracy, validity, conformity to the budget and compliance with any grant requirements.   + Any questions about invoice validity or accuracy will be put in writing to the Network Coordinator and Treasurer * All invoices that meet the above requirements will be loaded by the bookkeeper/accountant into the internet banking system for payment * Invoices will be authorised as prescribed in the Delegation Procedure * Paid invoices are inputted into the bookkeeping system by the bookkeeper/accountant * The cheque book is held by the Treasurer for expenses that can’t be paid by EFT   **Cheques**   * The Treasurer is responsible for the safe storage of the UMRNHN cheque book * Voided cheques will have “VOID” written boldly in ink on the face and will be kept on file * Under no circumstances will:   + Blank cheques be signed in advance   + Cheques be made out to ‘cash’, ‘bearer’, ‘petty cash’ etc;   **Bank reconciliations**   * The bookkeeper/accountant will reconcile the bank statement as required * The Committee of Management will view the bank reconciliation as part of the regular financial reporting   **Purchasing**   * Purchases can only be made as described in the Delegations Policy * Purchases made by the Networker or Committee member must be within the budget, unless otherwise approved by the Committee of Management   **Reimbursements**   * Any valid expenditure by the Networker or a Committee member will be reimbursed by the Committee of Management   + The Networker or Committee member should seek prior written approval if in doubt of the validity of the expenditure * Copies of receipts/invoices will be forwarded to the bookkeeper/accountant and Treasurer for approval and payment   + Additional information may be requested and must be provided before payment will be made   + The Committee of Management has the authority to refuse to reimburse an expense if it has not had prior approval, or does not fit within the budget   **Payroll**   * All employees will be responsible for completing a timesheet. The timesheet will be in a format approved by the Committee of Management * The pay period will be as agreed in the Networker Position Description and Letter of Offer * Employees will submit their timesheet to the Treasurer and bookkeeper/accountant at the end of the pay period, and copied into the Chairperson * An amount agreed between the bookkeeper/accountant and the Treasurer (around half of the salary entitlement) will be paid at the end of the pay period, with the balance – including any allowances such as car allowance - paid once the timesheet has been approved by the Treasurer, and the bookkeeper/accountant notified in writing * Incomplete timesheets will be returned to the employee for correction * The bookkeeper/accountant will enter payroll, make direct deposit transfers, print payroll reports and provide the reports to the Treasurer * The bookkeeper/accountant is responsible for entering payroll reports into the accounting system accurately and in a timely manner * Employee entitlements will be based on the 2016 NHACE Collective Agreement * Voluntary terminations will be paid at regular pay date. Involuntary terminations will be paid on the day of separation   **Taxation obligations**   * The bookkeeper/accountant will ensure that the Quarterly BAS (including the PAYG Withholding obligations) is lodged by the due date * The bookkeeper/accountant will notify the Treasurer that the BAS has been lodged. This will be included in the Treasurer’s report   **Travel and Expenses**   * Travel is to be recorded on the timesheet. The travel allowance is paid via payroll at the rate prescribed in the 2016 NHACE Collective Agreement * Any employee travel expenses requiring reimbursement eg parking, accommodation, need to be sent to the Treasurer and bookkeeper/accountant as described in Reimbursements * The employee will be required to keep the following available for presentation if requested:   + Logbook   + Any vehicle receipts requiring reimbursement   **Property - equipment**   * The Networker will maintain the asset register which shall provide a description of the item, date of purchase or acquisition, price or fair value of the item and its location * The bookkeeper/accountant will record all equipment in the accounting system. An entry must be made whenever property is disposed of or acquired * The Financial Statements must include a depreciation schedule * Where a lease/rental arrangement is considered to be more appropriate for new equipment:   + The lease/rental agreement will be considered by the Committee of Management and agreed through a resolution   + The bookkeeper/accountant will be notified of the lease/rental agreement and the appropriate information will be entered into the financial system   + The Networker will keep a copy of any lease/rental agreements on file   **Insurance**   * The UMRNHN is covered by the Victorian Managed Insurance Authority (VMIA) for Public Liability and Product Liability:   + A Certificate of Currency is sent by the VMIA annually to the Network email address   + The Networker will check the Certificate of Currency for accuracy and file electronically * Workers Compensation insurance is paid annually, and is based on an annual estimate:   + An annual declaration of wages is completed and submitted by the bookkeeper/accountant, and any adjustment of the premium made the following year. * Reasonable, adequate coverage will be maintained to cover the assets of UMRNHMN where required * The Committee of Management will ensure that the Networker has adequate insurance for their vehicle, if this vehicle is used for Network activity. A certificate of currency will be presented to the Committee annually * The Networker will store all relevant insurance policies in an electronic filing system   **Budgets**   * The Treasurer, Networker and bookkeeper/accountant will prepare a draft budget at the start of the financial year for presentation to and approval by the Committee of Management * The Committee of Management must approve proposed changes in the budget. Refer to the Delegation Policy and Procedure for correct financial delegations.   **Surplus funds**   * Sufficient funds must be quarantined in a separate bank account to cover all leave liabilities. Long service leave, annual leave and Time in Lieu must be accounted for in the financial statements and reviewed regularly by the Treasurer, and reported to the Committee of Management as part of the Treasurer’s report * If at the end of the financial year there is a surplus of funds in the UMRNHN bank account, the Committee of Management will review this when setting the budget and consider setting aside a proportion of the surplus to be used for projects and/or activities that will benefit the UMRNHN members   **Audits**   * Under the Associations Incorporation Reform Act 2012, the UMRNHN is a Tier One association and therefore is not legally required to have an audit of the financial statements * In the interests of good practice, the Committee of Management shall consider an audit at least annually:   + A motion will be put at the Annual General Meeting to have the financial statements audited   + If members resolve that this happens, an independent auditing firm will be contracted to complete the audit   **Related Documents**   * Delegation Policy and Procedure   **Authorisation**  UMRNHN Committee of Management Chair  Name:  Date of approval: |
|  |

***FINANCIAL CHECKLIST***

|  |  |  |  |
| --- | --- | --- | --- |
| **Frequency** | **Action** | **Who** |  |
| Annual | Prepare draft budget | Treasurer, Networker, bookkeeper/ accountant |  |
| Approve budget | Committee of Management |  |
| Review financial services contract | Committee of Management |  |
| Transfer of hard copy financial documents to Networker | Networker, bookkeeper/ accountant |  |
| Electronic financial records to be submitted | Bookkeeper/ accountant, Committee of Management |  |
| Submit CAV Annual Statement | Networker |  |
| VMIA Insurance renewal | Networker |  |
| Workcover insurance renewal | Bookkeeper/ accountant |  |
| Networker vehicle insurance renewal certificate of currency | Networker, Committee of Management |  |
| After AGM | Change bank signatories | Committee of Management |  |
| Quarterly | BAS lodgment | Bookkeeper /accountant |  |
| Monthly/Fortnightly | Submit timesheet | Networker |  |
| Approve Networker timesheet | Treasurer |  |
| Before COM meetings | Bank reconciliation | Bookkeeper /accountant |  |
| Financial reports and Treasurers report | Bookkeeper /accountant, Treasurer |  |