



FINANCIAL MANAGEMENT POLICY

Version: 2020v1.3

Document status: Draft

Date approved:

Ratified by: Management Committee on [date]

Date for review: 2023

Record of policy development:

Version number	Date of issue	Lead author/ reviewer	Consultative panel Date approved	Significant changes on previous version
2020v1.2		C Minkov	Management Committee	
2020v1.2		M Rogers		
2020v1.2		M Reilly	Club Manager	
2020v1. 43	23/12/2020	C Minkov		Final edit Comments need follow up to confirm accuracy and to action

SECTION 1	FINANCIAL MANAGEMENT FRAMEWORK	<u>57</u>
1.1	Policy statement	<u>57</u>
1.2	Purpose and scope	<u>57</u>
1.3	Principles	<u>57</u>
1.4	Outcomes	<u>57</u>
1.5	Delegations	<u>57</u>
1.6	Policy implementation	<u>68</u>
1.7	Risk management	<u>68</u>
SECTION 2	FINANCIAL SECURITY	<u>79</u>
2.1	Quality improvement	<u>79</u>
2.2	Standard templates	<u>79</u>
2.3	Contractual and compliance obligations	<u>79</u>
2.4	Roles and responsibilities	<u>840</u>
2.5	Signatories	<u>944</u>
2.6	Delegation authorities	<u>944</u>
2.7	Delegations	<u>1044</u>
2.8	Accounting authority	<u>1042</u>
2.9	Cash disbursement authority	<u>1042</u>
2.10	Separation of duties	<u>1143</u>
2.11	Human resources	<u>1143</u>
2.12	Access and security	<u>1143</u>
2.13	Insurance	<u>1244</u>
SECTION 3	MANAGING FRAUD AND IRREGULAR PRACTICE	<u>1345</u>
3.1	Fraud and irregular behaviour definition	<u>1345</u>
3.2	Fraud risk assessment	<u>1345</u>
3.3	Reporting	<u>1446</u>
3.4	Investigation	<u>1446</u>
3.5	Post-incident	<u>1446</u>
SECTION 4	INCOME GENERATION	<u>1547</u>
4.1	Investing and interest	<u>1547</u>
4.2	Fundraising and donations	<u>1547</u>
4.3	Sponsorship	<u>1547</u>
4.4	Proceeds from sales and services provided	<u>1648</u>
4.5	Grants and funding contracts	<u>1648</u>
4.6	Funds transferred from previous years	<u>1648</u>
SECTION 5	BUDGETING	<u>1749</u>
5.1	Annual budgeting	<u>1749</u>
5.2	Project budgets	<u>1749</u>
SECTION 6	ACCOUNTING PRACTICE	<u>1820</u>
6.1	Accounting standards	<u>1820</u>

6.2	Chart of accounts	<u>1820</u>
6.3	Costs	<u>1820</u>
6.4	Accounts payable	<u>1820</u>
6.5	Accounts receivable	<u>1921</u>
6.6	Reconciliation	<u>2022</u>
6.7	Cash flow management	<u>2022</u>
6.8	Staff and Management Committee member reimbursement of expenses	<u>2022</u>
6.9	Petty cash	<u>2122</u>
6.10	Organisation credit and debit cards	<u>2123</u>
SECTION 7 PROCUREMENT AND PURCHASE		<u>2224</u>
7.1	Services and Consultancy Procurement and Expenditure	<u>2224</u>
SECTION 8 STAFF, COMMITTEE AND VOLUNTEER BUSINESS EXPENSES		<u>2426</u>
8.2	Meals	<u>2426</u>
8.3	Miscellaneous expenses	<u>2426</u>
8.4	Delegation	<u>2426</u>
SECTION 9 STAFF SALARY AND BENEFITS		<u>2527</u>
9.1	Timesheets	<u>2527</u>
9.2	Staff payroll	<u>2527</u>
SECTION 10 ASSET MANAGEMENT		<u>2628</u>
10.1	Asset acquisition	<u>2628</u>
10.2	Information and Communication Technology purchasing	<u>2628</u>
10.3	Staff members purchase of ICT equipment, software or services	<u>2728</u>
10.4	Asset register	<u>2729</u>
10.5	Asset depreciation	<u>2829</u>
10.6	Asset disposal	<u>2830</u>
SECTION 11 MONITORING AND REPORTING		<u>2931</u>
11.1	Financial statements	<u>2931</u>
11.2	Accounting records (principle and subsidiary)	<u>2931</u>
11.3	Annual Report	<u>3032</u>
11.4	Reporting schedule	<u>3032</u>
SECTION 12 FINANCIAL AUDIT		<u>3133</u>
12.1	Audit of financial records	<u>3133</u>
12.2	Selecting an auditor	<u>3133</u>
SECTION 13 FINANCE RECORDS		<u>3234</u>
13.1	Record-keeping	<u>3234</u>
13.2	Record security	<u>3234</u>
SECTION 14 INTERNAL REFERENCES		<u>3335</u>

14.1 Supporting Documents	<u>3335</u>
14.2 Related Policies	<u>3335</u>
SECTION 15 EXTERNAL REFERENCES	<u>3436</u>
15.1 Legislation	<u>3436</u>
15.2 Resources	<u>3436</u>
15.3 Websites	<u>3436</u>

SECTION 1 FINANCIAL MANAGEMENT FRAMEWORK

1.1 Policy statement

Tropical Fruits is committed to transparent, comprehensive, and secure management of its finances, ensuring all financial obligations are addressed, and that there are sufficient resources to support the organisation in working towards its mission and objectives.

1.2 Purpose and scope

This policy aims to provide Tropical Fruits with guidance in managing the finances of the organisation. This policy applies to all organisational staff, Management Committee and Sub-Committee members, contractors and volunteers.

1.3 Principles

- Effective financial management is a priority of the Management Committee, Club Manager & Accounts Officer.
- The Management Committee holds ultimate accountability for the financial management of the organisation.
- Financial management responsibilities of the Management Committee, staff and volunteers are clearly defined.
- Resources are provided to support good financial management.

1.4 Outcomes

The outcomes of implementing this policy are:

- Finances are effectively managed and support the organisation in its mission and objectives.
- All financial records are kept and are accurate, complete and transparent.
- All financially related contractual and legislative requirements are met.
- Assets are managed to support the organisation.

1.5 Delegations

Management Committee	<ul style="list-style-type: none">• Endorse and ensure compliance with the Financial Management Policy.• With guidance and advice from the Treasurer<ul style="list-style-type: none">• Contribute to the review and development of the Financial Management Policy.• Review and approve financial statements (balance sheets, income statements, cash flow statements quarterly at Management Committee meetings.• Ensure an approved auditor conducts an annual audit of the organisation's accounts.
<i>Accounts Officer</i>	<ul style="list-style-type: none">• Comply with the Financial Management Policy.• Contribute to the review and development of the Financial Management Policy.• Comply with financial delegations

	<ul style="list-style-type: none"> • Lead the development and regular review of budgets • Ensure accurate, complete and transparent financial records are kept. • Contribute to the development and review of budgets • Comply with contractual and legislative obligations • Report to the Management Committee as required
Staff and volunteers	<ul style="list-style-type: none"> • Comply with the Financial Management Policy. • Contribute to the review and development of the Financial Management Policy as appropriate. • Provide advice to management on budgets to ensure compliance with expected delivery of services • Ensure accurate, complete and transparent financial records are kept.

1.6 Policy implementation

This policy is developed in consultation with the Management Committee and staff members and is approved by the Management Committee. All staff, Management Committee members, Sub-Committee members contractors and volunteers are responsible for understanding and adhering to this policy.

Specific monitoring and support activities undertaken include:

- Staff, volunteer and Management Committee member orientation.
- Review and update this policy every 3 years at a minimum, or as required.

This policy must be read in conjunction with the following policies:

- *Governance Policy*
- *Risk Management Policy*
- *Human Resources Policy*
- *Events Policy*

1.7 Risk management

Risk management actions are identified in Section 2: Financial Security.

SECTION 2 FINANCIAL SECURITY

Financial security relates to protecting the organisation's financial and other assets from irregular and fraudulent behaviour. The organisation implements a range of financial security strategies.

2.1 Quality improvement

The organisation maintains currency of this Financial Management Policy which is informed by current best practice and sector standards and complies with contractual and legislative obligations.

The organisation makes improvements to financial management by:

- Conducting regular review of financial management practice through the [monthly quarterly Finance and Audit Subcommittee](#) against this Financial Management Policy and making improvements as required
- Conducting spot checks of financial files in preparation for the annual audit
- Reviewing finance processes to improve efficiencies

2.2 Standard templates

Standard approved templates that align with Australian Accounting Standards (www.aasb.gov.au) are used in managing and recording the organisation's financial accounts to support consistency and shared understanding across the organisation, as well as acting as a safety control measure.

Current financial management standard templates are generated within the organisation's enterprise resource planning system.

2.3 Contractual and compliance obligations

The organisation's financial management contractual and compliance obligations are identified as part of the organisation's *Governance and Compliance Register*, detailing the response, reporting and timing requirements.

The *Governance and Compliance Register* is reviewed quarterly by the Club Manager who reports to the Management Committee.

2.3.1 Scheduling of financial management activities

A schedule of financial management activities is maintained by [Accounts officer the Administration Coordinator](#) which details:

- budget development planning, drafting and approval timeframes
- Business activity statement (BAS)
- ~~Instalment activity statement (IAS)~~
- internal and external reporting
- grant acquittals
- internal reviews
- external reviews
- annual auditing

Comment [MR1]: Who's role is this?

Comment [MR2]: Does TF do this?

Comment [MOU3]: I think we don't. Need to check with Forte

~~The schedule is managed as an Excel Spreadsheet and is maintained by the Accounts Officer.~~

2.4 Roles and responsibilities

Financial management roles and responsibilities are assigned to specific staff and Management Committee positions and are identified in Tropical Fruits policies, position descriptions and *Delegation of Authority Register*. It is the Management Committee's responsibility to ensure effective financial management of the organisation.

2.4.1 Management Committee roles and responsibilities

The Management Committee will:

- Comply with all contractual and legislative requirements
- Develop and monitor financial plans and budgets
- Use organisation funds solely for approved purposes and priorities
- Use restricted funds (such as grants) for their designated purpose only
- Ensure all financial transactions and decisions of the organisation are recorded using standard accounting practices
- Ensure an approved auditor conducts an annual audit of the organisation's accounts
- Ensure separation of financial duty practices are adhered to
- Prevent the organisation from incurring unauthorised debts
- Ensure debts are settled within the agreed time period
- Not approve or incur debt that is beyond the organisation's ability to meet
- Ensure internal and external financial reporting requirements are met
- Allocate financial authorities and delegations
- Monitor and respond to irregular and fraudulent behaviour of staff and/or Management Committee.

2.4.2 The Treasurer

The Treasurer is responsible for providing leadership and oversight of the organisation's financial management in addition to general financial responsibilities of all Management Committee members.

2.4.3 The Finance and Audit Committee

The Finance and Audit Committee meets quarterly to develop and review the quarterly Financial Report in preparation for Management Committee Meetings.

Current membership includes:

- Club Manager
- Accounts Officer
- Management Committee Member
- Treasurer
- General members, external to the Management Committee

Comment [MR4]: Forte's role:
Finance Officer?

2.4.4 The Club Manager

The Club Manager is responsible for working with the Accounts Officer, Treasurer and Management Committee in implementing effective financial management of the organisation. The Club Manager will:

- Provide leadership and action financial management
- Develop and work with the Accounts Officer and Management Committee in developing financial plans and budgets
- Ensure accurate, appropriate and timely financial reporting as required internally and externally
- Delegate and supervise financial management positions and activities as required.

2.4.5 The Accounts Officer

The Accounts Officer is responsible for:

- Ensure accurate, appropriate and timely financial reporting as required internally and externally
- Maintaining accounting records
- Processing all approved income and expenditures
- Managing petty cash
- Preparing financial statements and reports
- Leading financial plans and budget preparation
- Preparing for and assisting the interim and annual external audit
- Preparing staff salaries and other payments, and maintaining required records
- Maintaining asset register
- Maintaining insurance register (currently with Club Manager but we can review)

Comment [WC5]: No current asset register. As we don't do an annual return, so there is no depreciation assessment required. Will discuss with committee to develop.

2.5 Signatories

Tropical Fruits maintains a delegation of authority register which includes signatories who will be advised to the relevant banking institution.

Any addition or deletion of cheque and on-line signatories must comply with the following:

- No signatories are to be related or living in the same premises.
- No signatories are to ever have been bankrupt or convicted for fraud.
- HR has a register of National Police Checks and Working with Vulnerable People checks.
- Signatories are not to authorise payments involving a conflict of interest, including authorising reimbursement for own expenses.
- Two signatures/electronic funds transfer authorisations are required for approved expenditure.

2.6 Delegation authorities

Authority for expenditure of the organisation's funds is permitted within the Management Committee' approved budget/s and within the financial delegation limits.

Authority for Club Manager expenditure of the organisation's funds outside of the approved budget/s and/or over the limits of delegation must be provided by the Management Committee in writing for each occurrence.

Comment [MR6]: Is this current practice?

Comment [MOU7]: To Mel - Not implicitly, but I do agree an email from the chair/treasurer, minutes or signed authorisation slip is a good cross check. Protects me and the org.

2.7 Delegations

Delegation limits allow an employee to spend organisation funds up to the limit before requiring approval from a manager with higher delegation to exceed the limit.

The Management Committee determines the Club Manager level of financial delegation and, the Club Manager, determines the level of financial delegation for all other staff, including volunteers.

Purchases or expenditure over \$4,999 requires a minimum of two independent quotes.

2.8 Accounting authority

The Management Committee determines the Club Manager level of accounting authority.

The Club **Manager**, along with the Accounts ~~Manager~~ **Officer** and Treasurer where relevant, has the following accounting authorities:

- Opening trade accounts
- Ledger and general accounts
- Variation and authorisation of accounts payable
- Managing credit card accounts
- Asset management
- Debt management
- Travel and accommodation (including use of taxis, car hire, venue hire)

Comment [MR8]: Are some of these instead Treasurer authorities, e.g. opening bank accounts?

Comment [MOU9]: Also Accounts Officer

The Management Committee accounting authorities are:

- Opening and closing Bank accounts
- Authorisation of ex gratia payments (outside of budgets)
- Cheque signatures (all accounts) – This is Treasurer, Club Manager and designated Committee Members
- Managing credit card accounts
- Placement of investments
- Engagement of consultants and contractors
- Asset management
- Debt management

Comment [MOU10]: This is Committee

Comment [MOU11]: This is committee

2.9 Cash disbursement authority

All cheques payments including cheques and electronic funds transfers (EFT), with the exception of direct deposit payroll items, are to be signed by two designated signatories. EFT is our preferred method of payment.

Voided cheques are to have 'VOID' written boldly in ink on the cheque face and have the signature portion of the cheque crossed out. Voided cheques are kept on **file**.

Comment [MR12]: Current practice?

Signatories cannot sign a cheque made payable to themselves, or a blank cheque.

In no event will:

- Invoices be processed without prior approval by authorised signatories
- Blank cheques (without a date or designated payee) be signed in advance
- Cheques be prepared on verbal authorisation, without an invoice and ABN provided by payee.

If required to issue a duplicate cheque for any amounts, the bank must be notified immediately, and a stop payment put on the original cheque.

2.10 Separation of duties

The organisation has a separation of duties requirement so that no one person has full responsibility or authority for the following financial functions:

- Authorisation and distribution of petty cash outside of budgeted amounts
- Authorisation of bank payments and transfers
- Purchasing of goods or services over the documented delegation level

2.11 Human resources

The organisation implements strategies to ensure staff, volunteers and Management Committee members are appropriately skilled to undertake delegated financial roles and responsibilities, including:

- Employing staff with the right knowledge and skills for financial management delegations
- All personnel with financial delegations are screened through reference checks and National Police Checks
- Appropriate training is made available if required

Comment [MR13]: Current practice?

Comment [MOU14]: Need to implement

Relevant staff, volunteers and Management Committee members are provided with orientation and training to ensure they have the required knowledge and skills to undertake their financial roles and responsibilities, including:

- Orientation to the organisation's financial management practice
- Confirming expected codes of conduct/behaviour relating to financial management practice
- Facilitating financial management training annually
- Establishing governance responsibilities with the Management Committee, including any financially related committees

2.12 Access and security

Access to financial information, resources and financial transaction capability is restricted by:

- authorising physical and electronic access to delegated personnel only
- requiring password access to the organisation's computer network
- requiring password access to financial management software programs used by the organisation
- securing all paper financial transaction records in key locked filing cabinet
- securing petty cash in a key locked storage cabinet or safe
- securing all paper financial transaction records and petty cash cabinets/safes in a locked room

Comment [MOU15]: Would need to implement – in a locked office? Forte also queried – need to do a risk assessment on this.

- maintaining financial records in a digital form

2.13 Insurance

The Management Committee and Club Manager ensures the organisation carries sufficient insurance cover to comply with contractual and legislative requirements, and to protect the organisation from financial impacts of errors, disasters and accidents.

Insurance policies are reviewed and renewed annually with significant changes to the organisation's assets, staff and volunteer numbers, or services and activities incorporated into new policies.

Details of Tropical Fruits's insurance policies are maintained in the *Governance and Compliance Register*.

Comment [MOU16]: Need to implement – but love it (Policy Party yay)

SECTION 3 MANAGING FRAUD AND IRREGULAR PRACTICE

3.1 Fraud and irregular behaviour definition

Fraud is defined as “an act of deception intended for personal gain or to cause a loss to another person or organisation.” Fraud is a serious breach of trust. Under NSW and Commonwealth legislation, not all fraud is considered a criminal act. Where it is considered criminal there is a duty to report it to the police in NSW under section 316 of the Crimes Act 1900 (NSW).

Fraudulent behaviour includes:

- theft of goods or property
- falsifying financial expense claims
- falsifying or destroying financial and related records to conceal an improper action
- not declaring a conflict of interest

Irregular behaviour includes unauthorised activities for private gain, such as:

- ‘borrowing’ from petty cash
- unauthorised use of vehicles or equipment for personal use
- unauthorised access and use of Tropical Fruits assets

3.2 Fraud risk assessment

The Club Manager initiates a formal fraud and irregular behaviour risk assessment annually. A record is kept in the Governance and Compliance register.

The fraud risk assessment includes review of:

- adequacy and application of information, governance and security and technology
- electronic commerce and internet transactions
- use of electronic and/or digital signatures¹
- outsourced and contracted functions
- grants and other payments, benefits or programs
- tendering processes, and purchasing and contract management
- revenue collection
- use of credit cards
- travel allowance and other staff and Management Committee allowances
- reimbursement of staff expenses
- salaries
- petty cash

Findings of the assessment are reported by the Club Manager to the Finance Subcommittee and the Management Committee for review, and response actions are incorporated into preventative, control and monitoring practice.

¹ An electronic signature is an electronic symbol attached to a contract or other record, used by a person with an intent to sign. In contrast, digital signatures guarantee that an electronic document is authentic. What's important to know is that both electronic and digital signatures are binding (source: www.docuSign.com).

Comment [MR17]: Would CM report initially to the Fin subcomm?

Comment [MOU18]: Committee and fin Sub

3.3 Reporting

Reporting of suspected or actual fraud and irregular behaviour is the responsibility of all staff, contractors, volunteers and Management Committee members of Tropical Fruits.

Actual or suspected fraudulent and irregular behaviour is to be reported to the Club Manager immediately.

Any person receiving a report of suspected or actual fraud and irregular behaviour is to make a written record of the report.

Actual or suspected fraudulent and irregular behaviour by the Club Manager is to be reported to the Treasurer and/or Chair of the Management Committee.

3.4 Investigation

The Club Manager and the Management Committee are responsible for initial investigation of a report of actual or suspected fraudulent and irregular practice to assess if a formal investigation by, and reporting to, external parties is warranted.

External parties may include the organisation's auditor, investigative consultant, Australian Charities and Not-for-Profits Commission (ACNC), Australian Tax Office, government funders and regulators, and the police.

A written record of all investigative activities and outcomes is made by the Club Manager and/or Management Committee.

3.5 Post-incident

Following a suspected or confirmed incident of fraudulent or irregular practice, the organisation's financial risks and control measures are reviewed and amended where necessary.

SECTION 4 INCOME GENERATION

All income is recorded in the organisation's financial statements.

4.1 Investing and interest

4.1.1 Investing funds

Tropical Fruits may invest funds into a cash management account or a term deposit, provided:

- Sufficient cashflow is retained in immediately accessible bank accounts
- The investment maturity dates are staggered throughout the financial year
- The Management Committee is notified of investment strategy and returns quarterly by the Finance Sub-committee.

4.1.2 Interest earned

Interest earned on all funds is allocated back to Tropical Fruits. Standard accounting processes allow for the identification of specific program funds invested.

4.2 Fundraising and donations

4.2.1 Fundraising

The organisation may undertake fundraising activities when appropriate charity status certification is up-to-date and provided the activity:

- Is assessed for financial, WHS and other risks
- Is not or could not be perceived as being either unethical or illegal
- Does not contravene the organisation's mission, objectives or values
- Does not risk the organisation's reputation in any way
- Does not involve a person known to have been associated with or prosecuted for any form of embezzlement
- Does not require expenditure of funds equal to or more than those that are expected to be raised
- Is approved by the Management Committee

4.2.2 Donations

The organisation accepts financial and gift donations from individuals, private trusts, foundations and companies, provided that:

- The donation is made directly to Tropical Fruits
- Receipts are provided for all donations
- Acceptance of the funds does not compromise the organisation's mission, objectives, values or reputation

4.3 Sponsorship

The organisation accepts sponsorship offers of cash, products and services in return for association with the organisation as a whole and for specific projects, events or activities, provided that:

- The agreement does not compromise the organisation's mission, goals, values or reputation
- A record is made of all sponsorship relationships and agreements
- The organisation retains the right to withdraw from the sponsorship agreement at any time

Comment [MR19]: Should we 'reverse' this to indicate that we do not currently do this, as we don't have charitable status?

Comment [MR20]: What about 'gold coin donation at door' etc?

Comment [CM21]: I tried to find the answer to this but unsuccessful so far.

- The sponsorship agreement is approved by the Management Committee

4.4 Proceeds from sales and services provided

The organisation may generate income from fee for service activities such as Social Enterprise activities, Festivals, events.

4.5 Grants and funding contracts

The organisation seeks and accepts grants and funding contracts for the provision of services, provided that the requirements of the grant or funding contract do not conflict with, compromise, deter, or alter the organisation's mission, objectives, values or reputation.

Grants and funds are accepted and entered into, providing there is a signed agreement by all parties that details the funds' purpose, requirements and restrictions.

The Financial Management Policy is reviewed to ensure it complies with the terms and conditions of any funding contracts. Terms of the contract may be negotiated with the funders and the Financial Management Policy is updated.

Grant and fund agreements are authorised by the Management Committee and signed by the Club Manager, Management Committee member or a nominee.

4.6 Funds transferred from previous years

Unexpended funds from previous years are represented as funds transferred from previous years.

Use of unexpended funds must be used in accordance with any contractual requirements which the funds relate to.

SECTION 5 BUDGETING

Budgeting is undertaken to adhere to contractual requirements and to manage resources for the achievement of strategic goals and sustaining the organisation.

5.1 Annual budgeting

The organisation develops budgets for 12-month periods depicting planned income and expenditure to undertake activities in working towards organisational and project goals.

Where the organisation develops separate budgets based on program areas, projects or specific activities, a consolidated budget is developed to monitor overall financial state of the organisation.

Where possible, annual budget development commences approximately two to three months before the beginning of the upcoming financial year and endorsed budgets provide the basis for control of the organisation's financial operations for the budget period.

5.1.1 Roles and responsibilities

Primary responsibility for developing budgets is delegated to Accounts Officer, Treasurer and supported by the Club Manager and the Finance Subcommittee. The Management Committee endorses annual budgets prior to the commencement of the financial year which runs between October 1st and September 30th.

5.1.2 Developing budgets

Budgets are developed based on informed estimates of the income and expenditure items. Income may be informed by funding contracts and grants, donations, fees for services, training and event fees, and interest earned. Expenses may be informed by contractual obligations, actual quotes, previous years' amounts adjusted, or comparative amounts from outside the organisation. All budgets are to:

- Present a true cash flow position that does not confuse or mislead an audit trail
- Be inclusive of all known and planned income and expenditure
- Allocate funds solely for the organisation's purpose and approved strategies
- Allocate restricted or tagged funds for designated purposes only
- Ensure projected income meets projected expenditure
- Include explanatory notes as required.

5.1.3 Monitoring and Reporting Budgets

All budgets and performance against budgets are reviewed by the Finance Subcommittee and reported to the Management Committee on a quarterly basis.

In addition to monitoring and tracking, all budgets are formally reviewed and reforecast if necessary, every three months period, allowing for any major miscalculations or changes to the budget to be amended. A record of the changes and their rationale is maintained.

5.2 Project budgets

Separate budgets are developed for specific projects or activities in line with contractual obligations.

SECTION 6 ACCOUNTING PRACTICE

6.1 Accounting standards

The organisation's accounting practice is informed by and aligns with the [Australian Accounting Standards](#)².

6.2 Chart of accounts

Where possible, the organisation develops and maintains an organisation-specific standard chart of accounts based on the [Standard Chart of Accounts](#)³. The standard chart of accounts is applied to all accounting practice(s) of the organisation.

The organisation's standard chart of accounts contains the following groupings:

- Income
- Assets
- Liabilities
- Equity
- Cost of Goods Sold
- Expenses

Comment [WC22]: Forte/Ali to review

6.3 Costs

Costs refer to the value of resources required by the organisation to achieve its strategic goals. The organisation distinguishes between direct, indirect, fixed and variable costs as part of budget development.

The organisation depreciates purchased assets in accordance with Australian Accounting Standards.

6.4 Accounts payable

Accounts payable are managed as outlined below:

- All accounts are paid on time and advantage is taken of early payment discounts
- Organisation payments are made in accordance with endorsed budgets
- Authorisation for purchases is according to the authorised delegation limits
- Purchase or expenditure not included in endorsed budgets and/or not within the Club Manager's delegation require approval from the Management Committee
- All purchase documentation is to be attached to the organisation's *Purchase and Payment Authority Form* for signed and dated approval by the delegated staff member.
- Purchases under \$100 for budget related activities
- Purchase documentation must include a valid Tax Invoice. Payments will not be made in the absence of a valid Tax Invoice
- All completed sections of the Purchase and Payment Authority Form are to include:

² Australian Accounting Standards Management Committee, Australian government, <http://www.aasb.gov.au/Pronouncements/Current-standards.aspx>, accessed 16 July 2018

³ National Standard Chart of Accounts, April 2010, Australian Charities and Not for Profit Commission <http://www.acnc.gov.au/ACNC/Manage/Reporting/NSCOA/NSCOAtable/ACNC/Report/NSCOA.aspx?noleft=1>

- Item/service being purchased
 - Name of supplier (who the payment is going to)
 - Supplier reference (i.e. invoice number)
 - Authorised dollar amount
 - Expense account title
 - Project/budget which is incurring the expense
 - Payment method
- If a statement or payment reminder notice is issued to the organisation, payment cannot be made without a copy of the original invoice
 - Complete and accurate purchase records are maintained in the organisation's electronic accounting system
 - Purchase records are entered at the time of payment
 - All payments, excluding petty cash, are made by electronic funds transfer, credit card or cheque
 - All cheques and electronic funds transfers require authorisation by two signatories
 - All cheques must be stamped with the words 'Not Negotiable.'
 - Blank cheques must never be signed
 - Single item purchases must not be split over more than one Tax Invoice for the purpose of avoiding authorised sign-off by the appropriate signatory.

6.4.1 Volunteer expenses

Volunteers incurring expenses either as a result of carrying out work or purchasing materials on behalf of Tropical Fruits are entitled to reimbursement of approved expenses.

Expenses are reimbursed only once a completed *Reimbursement Claim Form/Petty cash form* is submitted with relevant Tax Invoices/receipts and approved by the delegated authority.

Comment [MR23]: Is this the Petty Cash form?

Aside from Petty cash, under \$100, expenses are reimbursed via electronic funds transfer (EFT) to the volunteer's nominated account.

6.5 Accounts receivable

6.5.1 Managing accounts receivable

All sales and revenue-producing activity of the organisation is recorded fully and accurately in the organisation's accounting systems.

Comment [MR24]: Will need to cover merch store sales.

Upon confirmation of a sale/payment, a customer record and fully detailed invoice is created in the electronic accounting system.

Sales must remain open until payment is received or the organisation determines it is to be written off as a bad debt.

Received payments must be accurately matched against an open sale invoice and allocated to the designated budget item account before being deposited into the bank account.

Comment [WC25]: Nearly all of our sales are through Eventbrite. I'm not sure if this is relevant to us.

6.5.2 Managing debtors and outstanding debts

All practical means are undertaken to recover outstanding debts due to the organisation.

Debts are to be written off only when all reasonable attempts at recovery have taken place and recovery has proven to be unsuccessful and further action is either not cost-effective or highly unlikely to succeed.

Approval for debts to be written off must be provided by the Management Committee through the Club Manager. All debts that have been written off are reported to the Management Committee.

Debt that has been written off is considered an expense item for accounting purposes.

6.6 Reconciliation

Bank statements are reconciled monthly by the Accounts Officer. Reconciled bank statements are provided to the Management Committee by the Finance Subcommittee.

Comment [WC26]: This is not current practice

6.7 Cash flow management

Cash flow is monitored to ensure the organisation has sufficient funds available to pay its bills and prevent trading while insolvent.

The organisation develops and maintains a cash flow forecast which is included in financial reporting and review by the Management Committee.

Comment [WC27]: Not current practice

The following cash flow management practices must be adhered to:

- Cash is kept secure and locked in a safe when not being used for transaction
- Cash levels are maintained at a functionally low level
- Bank statements are reconciled monthly
- Payment from debtors is attained as quickly as possible.

6.8 Staff and Management Committee member reimbursement of expenses

Staff, Management Committee and Subcommittee members, and volunteers incurring expenses either as a result of carrying out work or purchasing materials on behalf of the organisation are entitled to reimbursement of approved expenses (refer to Section 8 – Staff and Management Committee Member Business Expenses).

Expenses are reimbursed only once a completed *Reimbursement Claim Form* is submitted with relevant Tax Invoices/receipts and approved by the delegated authority.

Expenses are reimbursed via electronic funds transfer (EFT) to the staff member's nominated account or by petty cash if under \$100.

6.9 Petty cash

Tropical Fruits maintains a petty cash system for the payment of small, individual business purchases that are of a dollar value that does not warrant an alternative purchase method.

The petty cash float is maintained at a functionally low level.

All payments from petty cash require a legible receipt that directly relates to and details the purchased item/s.

Petty cash is managed by the Production Assistant and records are reconciled and filed on a monthly basis.

All payments from petty cash are recorded in Tropical Fruits's accounting information systems.

6.10 Organisation credit and debit cards

Tropical Fruits provides credit and debit cards to facilitate efficient purchase and payment of goods and services relating directly to the business of the organisation.

The Club Manager determines the staff positions that are eligible to use organisation-provided credit and debit cards based on the *Delegation of Authority Register* and on position responsibilities.

Organisation-provided credit and debit cards are to be used only for purchase and payment of goods and services relating directly to the business of Tropical Fruits.

All receipts and records must be authorised and provided for each credit and debit card purchase/payment with 48 hours for reconciliation and verification.

Staff members and volunteers provided with an organisation credit card are responsible for maintaining the security of the credit card. In the case of loss or theft of the credit card the Club Manager must immediately be informed who will then arrange for cancellation of the credit card.

Any use of credit cards that does not comply with this policy may be investigated and dealt with as fraudulent or irregular practice if relevant.

SECTION 7 PROCUREMENT AND PURCHASE

7.1 Services and Consultancy Procurement and Expenditure

Tropical Fruits adopts appropriate best practice contracting and procurement principles, policies and procedures for all goods, services and works by Tropical Fruits will enhance achievement of the objectives and sustainability as an Organisation.

In purchasing goods and services, Tropical Fruits aims to obtain the best value balanced with the most ethically and locally produced option for its expenditure of funds. Procurement of goods and services over specified amounts will involve the investigation of more than one supplier and comparison of the quality, locality, ethics and price of the available goods or services.

7.1.1 Goods

As per the Delegation of Authority Register, non budgeted purchases or expenditure under \$2,000 requires a minimum of two independent quotes.

Non budgeted purchases or expenditure of \$200 or over require Management Committee approval. The Management Committee will direct the number of independent quotes required above the minimum of two.

7.1.2 Engaging consultants and contract staff

From time to time Tropical Fruits will seek to contract out work, rather than employing a new staff member. The factors to be taken into account when deciding to contract out work include:

- a project being time limited and/or needing specialist skills
- impact on resources on-site
- availability of skills required to complete the project within the organisation
- value for money

7.1.3 Supplier/contractor engagement

When seeking to contract out work, Tropical Fruits will seek expressions of interest or requests for quote from appropriate contractors through a selective invitation process. Prospective contractors will be given a brief and asked to provide a project plan, budget, and evidence of relevant skills and resources needed to undertake the project.

Tropical Fruits may use the expression of interest process to establish an ongoing relationship with a preferred supplier for specified goods or services. A preferred supplier will retain this status for a period of twelve (12) months and will be subject to internal management review. This action will be recorded in the *Governance and Compliance Register*.

Procurement of services for amounts over \$3,000 will require Management Committee approval and an Expression of Interest is to be coordinated. Procurement services under \$3,000 may be selected from the pre-qualified list of consultants and service providers.

When a consultant or contractor is engaged, the Club Manager will sign off on the consultancy agreement which will be countersigned by the consultant or contractor. The agreement will cover:

Comment [WC28]: \$200 in the current amount in the delegations table – maybe this is too low? This is for staff and I think should also pertain to Committee.

Comment [WC29]: Delegations table is silent on this – I would put in a lower threshold of \$2000.

Comment [MR30]: Include open tender?

Comment [WC31]: We run on a 12 month (festival) planning cycle so would need the same specialist help at the same time of year.

Comment [WC32]: In line with current delegations

- arrangements for payment on agreed milestones and timelines and will detail percentage and dollar amounts
- project management
- insurance
- intellectual property
- variations to the contract
- resolution of disputes
- termination of the contract.

SECTION 8 STAFF, COMMITTEE AND VOLUNTEER BUSINESS EXPENSES

Staff are reimbursed for pre-approved expenses related to Tropical Fruits business. Reimbursements are made via EFT once a *Reimbursement Claim Form* is completed by the staff member incurring the cost.

8.1 Personal Vehicle Use

Use of personal vehicle is sometimes required, Tropical Fruits documents relevant insurance and registration details from staff, Management Committee Members and volunteers.

Staff or volunteers may request a petrol voucher to cover fuel costs.

Claiming and/or approving reimbursement a petrol voucher for private travel may be dealt with as fraudulent and irregular practice.

8.2 Meals

Where staff or volunteers are required to work through the evening, eg Committee Meeting, dinner will be provided. Likewise where volunteers work a full day (4 or more hours) they are entitled to have lunch provided or to submit receipt for lunch up to the value of \$10.

8.3 Miscellaneous expenses

The organisation may reimburse staff and Management Committee members for miscellaneous expenses incurred while undertaking approved business directly related to the organisation.

8.4 Delegation

Approval for staff and Management Committee member reimbursement is the responsibility of the Club Manager or Treasurer.

SECTION 9 STAFF SALARY AND BENEFITS

9.1 Timesheets

Staff are required to ensure that their time sheets are a true and accurate record of their contracted hours worked and/or leave taken for the fortnight. Time sheets are to be completed on xxx.

9.2 Staff payroll

The organisation makes fortnightly payroll deposits into the staff member's elected bank account.

Payroll is made according to staff members' employment contracts and is inclusive of any loading, penalty, or other entitlement payments.

The organisation makes the minimum superannuation payment required (currently 9.5% until 2021), and any additional requested superannuation payment on behalf of staff members.

A record of all payroll payments is securely retained for the required period.

Tropical Fruits provides staff with a payroll remittance summary fortnightly.

SECTION 10 ASSET MANAGEMENT

10.1 Asset acquisition

Only assets that support the organisation in working towards its mission and objectives are to be purchased.

Asset acquisition is based on consideration of whether the asset:

- will provide significant, direct and tangible benefit to the organisation
- does not exist or could not be upgraded or adapted to meet the same purpose
- is appropriate and cost-effective over its life
- is compatible with existing equipment and will not lead to unwarranted additional expenditure
- can be accommodated in existing space and facilities
- is the most ethical, suitable and appropriate type, brand, and model

Authority to purchase assets is in line with the organisation's financial delegation authority.

10.2 Information and Communication Technology purchasing

Where the Club Manager determines that new ICT equipment, software or services are required as part of the maintenance of current ICT infrastructure, the Club Manager or their delegate to arrange purchases according to this process:

- Sources adequate advice on the most appropriate item
- There is no need to source three quotes UNLESS funding for the item is coming from a funding agreement which specifies that quotes must be sourced for purchasing of assets.
- The Club Manager collects relevant information about the item, and the quote/s, and presents these to the Committee for approval.
- Once approval is given, the Club Manager can place the order.
- The item is invoiced Tropical Fruits.
- When the item is delivered or the service commences, it is the responsibility of the Club Manager or their delegate to ensure that it matches the order or the contract. Any disputes should be referred to the Committee. The Accounts Officer is responsible for entering the item into the *Asset register*.

Approval from the Club Manager is sought in relation to the following:

- Renewal of domain names
- Renewal or upgrades of anti-virus software and other security software
- Renewal of a service contract which is substantially the same as the original one, in terms of price and service provision

For all these situations, receipts/invoices and all other relevant documentation must be provided to the Accounts Officer for processing.

10.3 Staff members purchase of ICT equipment, software or services

The following procedure is to be followed by staff members, when they wish to purchase ICT equipment, software or services required for their project or other work:

- Staff identify what item they need, and why they need it, given the requirements of their project responsibility and the budget for their project.
- The staff member checks the relevant funding agreement (if appropriate) to determine whether they need to seek quotes before purchasing any items with the project funds.
- Staff members seek approval for the purchase from the Club Manager, outlining the reasons for their request; if possible, they forward this request by email.
- Club Manager discusses the request with the staff member, then makes a decision based on the needs of the project and of the staff member, the budget.
- The Club Manager should notify the staff member of their decision, if possible by email.
- The staff member sources appropriate item/s and follows the process identified in section 10.2 above.

10.4 Asset register

The Production assistant? maintains an up-to-date and accurate register of all physical assets that have monetary value equal to or above \$300 (Ex GST).

Assets that are to be recorded on the asset register include:

- Computer equipment, e.g. laptops, desktops, routers, servers, and back-up power generators.
- Furniture and fixtures, i.e. office desks, storage infrastructure, air conditioning unit, alarm system
- Office equipment, e.g. copiers and video equipment
- Software that is organisation-wide (and greater than the capitalisation limit), i.e. enterprise planning or accounting software.
- Real estate/property, i.e. cost of acquiring a building
- Cultural collections, e.g. art works and cultural artefacts

The Asset Register is to record the following information for each asset:

- date of purchase
- purchase cost
- make and model
- description of the item
- disposal date and method of that disposal and any remuneration/cost

IT assets, including serial numbers, are recorded on the register.

Records of all asset purchase orders, invoices, receipts, delivery dockets and warranty details are to be maintained in a central online or hardcopy filing system.

All assets are to be checked at least annually to confirm they are locatable, and are in good working order.

10.5 Asset depreciation

Asset depreciation complies with Australian accounting procedures and Australian Tax Office allowances.

Asset depreciation and depreciation rates are reviewed and applied annually.

Items costing less than \$1,000 (ex GST) are expensed at the time of purchase.

All registered assets with a limited useful life are depreciated over the lifetime of the asset.

A record of all current and previous depreciation rates is maintained in the *Asset Register*. Assets that have been fully depreciated and have completed their estimated useful lifetime but are in good working order are to remain active on the asset register until these items are disposed of.

10.6 Asset disposal

The disposal of all assets above a value of \$500 is to be done in a safe and clean manner, with consideration given to methods of selling, donating, reusing or recycling.

All asset disposals are to be recorded in the *Asset Register*.

Any proceeds from the sale of an asset are recorded in the organisation's financial records.

All asset disposals must be approved according to the delegations document.

SECTION 11 MONITORING AND REPORTING

11.1 Financial statements

The organisation demonstrates its financial position through reporting of accurate, complete, relevant and transparent financial statements to the Management Committee and stakeholders, as required.

Financial statements are a true representation of all financial transactions undertaken in the stated period. Financial statements are prepared:

- in line with recognised good practice and in such a manner that they may be audited at any time if required.
- in a timely manner and are provided to the Management Committee and external stakeholders within required timeframes.
- around the financial year commencing October 1st and ending September 30th.

11.1.1 Cash Flow Statements

The organisation maintains and analyses quarterly cash flow statements showing the organisation's actual cash inflows, outflows and balances.

Comment [WC33]: I'll have to check if this is a current practice

Cash flow statements are used to determine the short-term viability of the organisation, particularly its ability to pay bills.

Comment [WC34]: Forte recommends no required

11.1.2 Balance Sheets

Tropical Fruits maintains a quarterly balance sheet (also known as a statement of financial position) which provides a snapshot of the organisation's financial position or 'net worth' at a specific point in time.

The balance sheet is to detail the organisation's assets (what is owned), liabilities (what is owed), with the outcome of both collectively known as net assets.

11.1.3 Income and expenditure statements

The organisation maintains income and expenditure statements (also known as statements of financial performance) to determine the balance on a quarterly, Year to date and annual basis.

Income and expenditure statements are used to determine if current income is sufficient to sustain the organisation's operation, given the current level of debt.

11.2 Accounting records (principle and subsidiary)

The organisation maintains relevant principle and subsidiary records to support financial statements.

Principle accounting records are maintained by the organisation using the organisation's enterprise resource planning system

- Cash flow books – hard copy or electronic with record of all cash receipts and payments
- General ledger record of all assets, liabilities, income and expenditure
- General journal to record one-off transactions, especially at balance date
- Petty cash records – [Petty Cash Register or Petty Cash Docket Book]

- Payroll records
- Asset register

Comment [WC35]: Needs to check the status of this with Accounts Officer

Subsidiary records maintained by the organisation are:

- Receipt books for any monies collected
- Bank deposit books
- Cheque books
- Tax Invoices
- Budgeting papers

11.3 Annual Report

The organisation prepares an Annual Report at the end of each financial year for distribution to all members and stakeholders.

The Annual Report is prepared in time for presentation at the organisation's Annual General Meeting.

11.4 Reporting schedule

Quarterly financial statements are provided to the Management Committee for review and endorsement at a Management Committee meeting.

A record of all financial statements and reports provided to the Management Committee is maintained, along with any endorsements, amendments or other decisions.

The Accounts Officer is responsible for preparing monthly financial statements and the Treasurer presents these to the Finance Subcommittee and the Management Committee.

The organisation prepares and submits financial statements and reports to meet all contractual and compliance obligations.

The organisation's financial management contractual and compliance obligations are identified as part of Tropical Fruits's Compliance Register, detailing the response, reporting and timing requirements.

Comment [WC36]: Needs to be developed

SECTION 12 FINANCIAL AUDIT

12.1 Audit of financial records

The organisation is required to undergo an audit of all financial records and processes for each financial year.

The financial audit must be carried out by an independent and qualified auditor who is registered with either the Australian Institute of Chartered Accountants or the Australian Society of Certified Practising Accountants.

The financial auditor is given full and unhindered access at all reasonable times to all financial accounts, documents and records which the auditor considers necessary for audit purposes.

The Accounts Officer, Treasurer and Club Manager are available to support and clarify any queries the auditor may have in the course of the audit procedure, and to respond to any matters/deficiencies identified by the auditor.

The organisation ensures the following in all audit reports:

- Auditor's qualifications and registration number(s) of relevant professional body or Australian Securities Insurance Commission (ASIC)
- Report is presented on the auditor's letterhead
- Statement that examination of the organisation's records has been completed in accordance with Australian Auditing Standards and has included substantive testing of the organisation's systems
- List of financial statements which formed the basis of the report
- Findings of the audit
- Auditor's signature and date which the report was certified

The Management Committee Treasurer presents the full and complete audit report for the previous year at the organisation's Annual General Meeting.

12.2 Selecting an auditor

The financial auditor is to be appointed each year at the organisation's Annual General Meeting.

The financial auditor must not be a member of the Management Committee or closely related to a member of the Management Committee.

The current auditor shall be entitled to attend the Annual General Meeting.

Notice of intention to nominate an auditor to replace the current auditor is to be given to the Management Committee at least twenty-one (21) days before the scheduled Annual General Meeting.

SECTION 13 FINANCE RECORDS

13.1 Record-keeping

The organisation maintains records of all financial transactions and related documentation, reports, decisions of the organisation and the Management Committee, compliance requirements met, and notices sent and received. The organisation prefers to keep records in a digital format only where appropriate.

Outward payment documentation is managed using Reckon accounting software ~~a cloud hosted payment management system.~~

Financial record-keeping complies with all contractual and legislative requirements.

Record-keeping applies to any financial information on computers, network servers, back-up systems, hardcopy filing and electronic and hardcopy archiving systems. Financial records are maintained in an organised filing system which facilitates the easy placement and location of documents.

Financial records include:

- Any financially related correspondence
- Bank statements
- Purchase documents
- Sale documents
- Donations
- Outstanding bills
- Paid bills and receipts
- Asset records, including instructions and guarantees/warranties
- Equipment and motor vehicle lease documents
- Insurance
- Receipt book – record of receipts and payments (paper)
- Statutory information – constitution, budget and minutes
- Compliance records
- Payroll
- All contractual arrangements where there is a financial transaction

The organisation retains financial records for the required contractual and legislative period, prior to these records being securely destroyed.

13.2 Record security

Financial records are to be securely maintained, with measures in place to restrict access only to personnel with delegated authority.

The safe and secure disposal of financial records is undertaken by shredding.

SECTION 14 INTERNAL REFERENCES

Comment [MR37]: Assume we should only list those in place, initially?

14.1 Supporting Documents

- *Governance and Compliance Register – to be developed*
- *Delegation of Authority Register*
- *Purchase and Payment Authority Form*
- *Reimbursement Claim Form*
- *Asset Register and depreciation register – check status*

14.2 Related Policies

- *Governance Policy – In development*
- *Risk Management Policy*
- *Human Resources Policy – In development*

SECTION 15 EXTERNAL REFERENCES

15.1 Legislation

- *Associations Incorporation Act 2009 (NSW)*
- *Co-operatives Act 1982 (NSW)?*
- *Corporations Act 2001 (Commonwealth)*
- *Electronic Transactions Act 2000 (NSW)*
- *Crimes Act 1900 (NSW)*

15.2 Resources

- [CPA Podcast - https://www.cpaaustralia.com.au/podcast/50](https://www.cpaaustralia.com.au/podcast/50) - CPA
- [A Guide To Understanding The Financial Reports Of Not-For-Profit Entities \(2014\)](#), CPA Australia, www.cpaaustralia.com.au
- [Financial management of not-for-profit organisations \(2012\)](#), CPA Australia, <https://www.cpaaustralia.com.au/~media/corporate/allfiles/document/professional-resources/notforprofit/financial-management-nfp-organisations.pdf?la=en>
- [Incorporated Associations: Reporting and auditing obligations \(2014\)](#), CPA Australia, www.cpaaustralia.com.au
- [Financial reporting for charities \(2014\)](#), Not-for-profit Law, Justice Connect, www.nfplaw.org.au
- [Protecting your organisation against fraud \(2011\)](#), CPA Australia. <https://www.ncoss.org.au/sites/default/files/public/resources/Protecting%20your%20organisation%20against%20fraud.pdf>
- [Whistleblowing at your not for profit – a leaders guide \(2017\)](#) Our Community; Your Call <https://www.ourcommunity.com.au/files/whistleblowingbook.pdf>
- [Charities, A Guide to Financial Reporting and Assurance requirements, \(2013\)](#) CPA Australia <https://www.cpaaustralia.com.au/~media/corporate/allfiles/document/professional-resources/auditing-assurance/charities-guide-report.pdf?la=en>
- [Damn Good Advice on Cyber-safety and Fraud Prevention: \(2017\)](#) Our Community <https://www.communitydirectors.com.au/files/financial/cyberandfraudguide.PDF>

15.3 Websites

- Australian Accounting Standards Management Committee, Australian Government www.aasb.gov.au
- Australian Business Register, Australian Government www.abr.business.gov.au
- Australian Charities and Not-for-profits Commission, Australian Government www.acnc.gov.au
- Australian Tax Office, Australian Government www.ato.gov.au
- Fair Trading, NSW Government

www.fairtrading.nsw.gov.au