

	Title: <b>FINANCIAL MANAGEMENT POLICY</b>	
	Version: 2	Approved: June 2019
	Administered: Committee	Next Review: May 2022

### Purpose:

The purpose of this policy is to ensure that the finances of Network West are managed, documented and authorised in a responsible manner.

This policy seeks to ensure that:

- Network West is fully compliant with relevant financial legislation
- Network West's financial management is transparent, and authorised by the Committee of Governance
- Financial planning, budgeting and expenditure ensures the sustainability of the organisation, and
- Financial risk is mitigated by applying best practice in financial management.

### Policy

#### 1. Financial management

- a. Network West operates three bank accounts:
  - i. A term deposit for investment of reserves
  - ii. A savings account used for daily operations of the organisation
  - iii. A debit card for daily operations under \$2,000

All bank accounts are reconciled monthly.
- b. Network West employs a bookkeeper whose role is to
  - i. Data entry, payroll, invoicing and bank reconciliation
  - ii. Maintaining and updating records including staff records and asset register
  - iii. Lodging quarterly BAS and PAYG payments
  - iv. Responding to queries as they arise, and
  - v. Providing reports to the Treasurer.
- c. Bookkeeper to maintain an asset register with records of all assets valued over \$500.00
- d. Re-imburement of staff and board members
  - i. Staff will be re-imbursed for all travel undertaken in her role
  - ii. Any costs incurred by Committee of Governance members while undertaking Network West activities will be reimbursed on the provision of a relevant invoice.

#### 2. Risk management

The following systems will ensure that financial reporting is accurate and that the organisations finances are protected

- a. Network West will engage/appoint a suitably qualified bookkeeper and Treasurer
- b. Network West will use cloud-based software which the Chairperson, Treasurer, Networker and bookkeeper will have access to at all times.

- c. The following four positions; Chair, Networker, Treasurer, Secretary will be signatories on the term deposit and savings accounts. At least two signatories are required to approve any transaction on these two accounts.
  - d. Only the Networker is required to sign on debit card which will have a \$2,000 limit and receipts are to be saved electronically in DropBox and attached to the relevant Xero transaction. The Treasurer will approve transfer to the debit card to ensure the card is not misused (see procedures below).
  - e. All invoices are to be electronically stored in DropBox and attached to the relevant Xero transaction
  - f. Network West will not engage in any cash transactions
  - g. For large capital items over \$500.00, at least two quotes are required before selecting a supplier
  - h. The Treasurer will review the bookkeepers reports, including performance against budget and report
    - i. Statement of financial performance (Profit and Loss)
    - ii. Statement of financial position (Balance Sheet)
    - iii. Performance against budget
    - iv. Forecast for end of financial year
    - v. Significant variance from budget, and
    - vi. Up-to-date download of current bank account balances.
    - vii. Audit (not needed but we used to do it when Jan managed our books because she knew a cheap auditor) Do we still want to spend money on this?.
3. Budget
- a. Annual Budget to be prepared by the end of May each financial year, approved by the Committee of Governance and entered into Xero by the end of June each financial year.
  - b. Annual budget is developed by the Networker, Chairperson and Treasurer based on the approved workplan of the Networker.
  - c. Changes to the budget should be made only by the CoG on the recommendation of the Treasurer.
4. Reserves
- a. Network West requires a reserve equivalent to the costs for long service, leave and holiday entitlements. Reserves in excess of this can be used to acquire assets, do capital works, fund projects or be invested for future use. Network West will endeavour to acquire and maintain reserves of at least six months operating cost.
  - b. Decisions on the investment of Network West's reserves must be approved by the Committee of Governance.
5. Compliance
- a. The Networker and Bookkeeper shall ensure that Network West pays
    - i. all necessary taxes on time
    - ii. all legal superannuation obligations for staff
    - iii. staff at the agreed NHACE rates
    - iv. maintains updated current details with the Australian Tax Office and Consumer Affairs Victoria.
6. Security and Access
- a. All online documents will be secured by a password
  - b. All financial documents will be kept in accordance with DHHS record keeping policy
  - c. Financial records will be securely stored for seven years after which they will be securely destroyed

## Procedures:

### Bills Payable

- Hard copy invoices will be dated, scanned and saved to Drop Box -> financial documentation
- The Treasurer must be informed of the need for spending that exceeds the budget by more than 10% and must approve the purchase before it is made.
- Invoices must be saved into the Drop Box folder within two working days of being received.
- Every second Thursday the Bookkeeper will
  - check the Drop Box financial documentation and enter all bills into Xero
  - Attach the invoice to the relevant Xero transaction
  - (Should these be approved in Xero again? I think if they are put into Drop Box they can be assumed to be approved.)
  - Upload batch files to the Bank and inform the Networker of the upload.
- Networker will approve the uploaded batches and contact one additional signatory to approve payments.

### Payroll

- The Networker will complete their timesheet on Xero by Wednesday afternoon of the pay fortnight. The Chairperson will approve this on Xero before Thursday morning. (The only drawbacks I can see with the Xero timesheets are that there is nowhere to capture public holidays, and it only captures actual hours, not times in and out. Does this matter?)
- Payroll will be processed by the Bookkeeper who will then upload the pays in the batch file.
- Re-imburements: Networker will only be reimbursed for mileage at a rate of \$0.81c/km. Km's travelled will be sent by the Networker... (unless we stick with our existing timesheet and mileage combined)

### Invoicing

- The Networker will inform the bookkeeper when invoices need to be issued. The Bookkeeper will issue the invoice within two weeks of receiving the request. Invoices should be paid within 30 days
- The Bookkeeper will send a reminder for payment after thirty days.
- If the invoice remains unpaid, the bookkeeper will inform the Networker who will take responsibility to follow up on unpaid invoices.
- (What happens to members who still don't pay?)

### Reporting and compliance

- The Bookkeeper will provide the Treasurer with reports before each Committee of Governance meeting, including Profit and Loss, Balance Sheet and Actuals vs. Budget.
- The Bookkeeper will ensure that superannuation and BAS are submitted and paid quarterly before due date.

### Debit Card use:

The Cardholder shall:

- In all cases obtain and retain sufficient supporting documentation to validate the expense (e.g. tax invoice) or shall in lieu provide a statutory declaration.

- Attach supporting documentation to Xero or forward to the bookkeeper within one week of spending.
- Notify the bank and the Board Chair immediately if
  - The card is lost or stolen; and/or
  - Any unauthorised transaction is detected or suspected.
- Notify the bank of any change in name or contact details.
- Take adequate measures to ensure the security of the card.
- Return the card to the Chairperson if
  - The cardholder resigns;
  - the Committee of Governance determines that there is no longer a need for the cardholder to retain his or her card; or
  - the card has been cancelled by the bank.
- Be personally liable for any unauthorised transaction unless the card is lost, stolen or subject to fraud on some part of a third party.