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| <b>6.2</b> | <b>FINANCIAL MANAGEMENT</b> |
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| <b>Applies to:</b> Management Committee, HECIS Co-Ordinator, Office Assistant            | <b>Version: 1</b>               |
| <b>Specific responsibility:</b> Management Committee, HECIS Co-Ordinator, Office Manager | <b>Date approved: 5.8.2014</b>  |
|  | <b>Next review date: Aug 21</b> |

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|---|--|
| <b>Policy context:</b> This policy relates to |  |
| Standards or other external requirements      |  |
| Legislation or other requirements             | Associations and Incorporations Act 2009 |
| Contractual obligations                       |  |

## POLICY STATEMENT

HECIS is required by NSW Fair Trading to keep proper financial records, ensure financial probity and submit an annual summary of financial affairs to NSW Fair Trading.

HECIS 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 or donors for the funds they have provided.

HECIS 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.

## PROCEDURES

### Bank accounts

HECIS maintains bank accounts with the Commonwealth Bank.

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

A transfer of funds between any two HECIS accounts will require the approval of any two of the account signatories.

### **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 Management Committee.
- Electronic entry of transactions will be done by the Office Manager.
- Accounts will reconciled monthly by the Office Manager.
- Hard copy primary records will be maintained by the Office Manager.
- 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 Office Manager will manage all accounts receivable and:

- send out invoices on a monthly basis
- process payments received and bank deposits
- maintain documentation.

**Accounts Payable:** The Manager 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 Management Committee.

- The Management Committee approves the annual budget which sets the parameters for annual expenditure.
- Expenditure within budget and up to \$5000 requires authorisation by the HECIS Co-Ordinator.
- Other than the payroll transaction, PAYG, Superannuation and BAS payments, expenditure within budget and over \$5000 requires the authorisation of two of the Executive Management Committee.
- Any item of expenditure that is a budget overspend above \$5000 requires authorisation by two of the Executive Management Committee.
- The HECIS Co-Ordinator may authorise an item of expenditure that is a budget overspend up to \$5000.

## HECIS: Financial Management

All cheques must be signed by any two of the people delegated by the Management Committee to be authorised to make payments.

All EFT payments must be authorised by any two of the people delegated by the Management Committee to make payments.

### 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.
- Monthly reconciliations of accounts by the Office Manager.
- Monitoring and checking of accounts and bank reconciliations by the Treasurer.
- A quarterly finance report to the Management Committee.
- Monitoring of the budget by the HECIS Co-Ordinator, and the Management Committee.

### Providing documented procedures

The following procedures will be documented in detail in an Office Manager 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.

### DOCUMENTATION

| Documents related to this policy                        |                       |
|---|-----------------------|
| Related policies  |                       |
| Forms, record keeping or other organisational documents | Office Manager Manual |

| Reviewing and approving this policy |                    |                      |
|-------------------------------------|--------------------|----------------------|
| Frequency                           | Person responsible | Approval             |
| Annually                            | HECIS Co-Ordinator | Management Committee |

| Policy review and version tracking |               |                    |                 |
|------------------------------------|---------------|--------------------|-----------------|
| Review                             | Date Approved | Approved by        | Next Review Due |
| 1                                  | 18.8.15       | HECIS Co-Ordinator | Aug 2016        |
| 2                                  | 28.07.16      | HECIS CoOrdinator  | Aug 2017        |
| 3                                  | 14.8.17       | HECIS CoOrdinator  | Aug 2018        |
| 4                                  | 3.9.18        | HECIS CoOrdinator  | Aug 2019        |
| 5                                  | 17.9.19       | HECIS CoOrdinator  | Aug 2020        |
| 6                                  | 15.9.20       | HECIS CoOrdinator  | Aug 2021        |