



## **SUSSEX NEIGHBOURHOOD HOUSE Inc.**

### **FINANCIAL POLICY**

#### **PURPOSE**

Sussex Neighbourhood House Inc. (the House) is a not-for-profit organisation, and an Incorporated Association (Inc No. A0024700T ) and as such will ensure that all financial operations, and dealings of the Neighbourhood House are in keeping with the requirements of the Incorporations Act, and the requirements of any funding agreements entered into by Sussex Neighbourhood House.

This policy is intended to minimize the risks relating to access to and control of funds.

#### **APPLIES TO**

This policy applies to all Committee of Management members, staff, contractors, volunteers and course participants.

#### **POLICY CONTENT**

##### ***Sustainability***

Sussex Neighbourhood House acknowledges that many people in the community it services are on limited income. Therefore, in order to facilitate the participation of those experiencing disadvantage, Sussex Neighbourhood House will price activities to facilitate access to those services, whilst still ensuring that the organisation operates within a responsible, sustainable financial framework

##### ***Funding and Revenue***

Funds shall be obtained from: membership fees; collection of fees for courses, services and activities; donations; grants; public fund raising; and other approved sources in accordance with the aims and objectives of the House, and the requirements of funding bodies, and/or government.

All funding bids and session prices will be costed and include consideration of the House's administrative and overhead costs. The Committee of Management will work with the Manager to develop pricing guidelines for all activities based on the business plan, contractual agreements and financial objectives.

A Fundraising policy will be developed to guide House activities to maximise funding sources in an ethical manner and aligned to the House's mission, purpose and good reputation in the community.

The House, or individual purporting to represent the House, will not borrow money from a financial institution, company or individual under any circumstances.

##### ***Investment Management***

An Investment Plan will be approved by the Committee of Management to ensure that the cash assets not required for current operating expenses will be invested so as to maximise the earnings of such assets, while retaining security and minimising risks.

As such investments are to be made with low to medium risk ventures, that is, investments that provide for security of capital over the medium to long term. Investments will only be made with reputable, established, proven financial institutions and a portion of the House's portfolio will be invested ethically as defined in the Investment Plan

All interest and other earnings from such investments and budget surpluses are to be managed as defined by the Investment Plan which shall give priority to (re)investment or to fund specific program development or project activities.

### ***Budget Planning***

The Committee of Management will ensure that the financial operation of the House is controlled by regular budget planning, monitoring, reporting and review.

The budget will be set in accordance with business planning functions and agreed with the Manager as achievable, realistic and resourced.

### ***Payments***

All payments will be made in accordance with terms and conditions on receipt of an invoice. Where invoices are not issued, an official tax receipt in accordance with Australian Tax legislation and regulation will accompany the payment.

Payment for goods and services will be made by electronic transfer, cheque or credit or debit card wherever possible. Payment by cash for goods and services shall only be for miscellaneous purchases, such as milk and small supplies; and in exceptional circumstances, such as emergencies.

The House will reimburse its staff (including volunteers) any reasonable and authorised expenses incurred by them on behalf of the House or in the course of House business and on receipt of an approved claim form and official tax receipt.

The House will not reimburse the following claims

- Expenses claimed by an employee as a tax deduction.
- Expenses normally recoverable from a third party.
- Expenses that are not incurred for business purposes.
- Late payment interest on credit cards.
- Parking, traffic, or other fines and penalties.

Delegations and expenditure limits (including credit cards) will be documented in the Financial Plan. Invoices and orders shall not be split so that the amounts are under policy or documented limits (including card limits) and delegations.

## **PROCEDURES**

### **1.0 Financial Year**

1.1 The financial year of the House is from July to June, for financial reporting, with the audited financial statements to be presented to the Annual General Meeting of Sussex Neighbourhood House, no later than 3 months after the end of the financial year.

### **2.0 Funding Sources**

2.1 All means of obtaining funds must be approved by Committee of Management in accordance with the aims and objectives of the House.

2.2 As a not for profit organization, Sussex Neighbourhood House will not actively promote or engage in purely commercial enterprises or activities.

2.3 Changes to membership fees must be approved by the Annual General Meeting.

2.4. Individuals, companies and organisations that donate funds, goods or services will be actively acknowledged by the Committee of Management.

### **3.0 Investment**

- 3.1 The Finance Sub-Committee will investigate investment options and make recommendations to the Committee of Management in the form of an Investment Plan, which will be reviewed every 12 months as part of the annual planning and budgeting cycle.
- 3.2 The Committee of Management may request more frequent review of the Investment Plan in line with change in budget outcomes, economic conditions, risk assessments, funding opportunities and/or business goals.
- 3.3 An independent investment consultant may be engaged to provide advice about investment opportunities and maintain a portfolio of investments. In this case, the Treasurer and Manager will meet annually with the investment consultant to discuss the performance of the investment portfolio and report to the Finance Committee, which will in turn report to the Committee of Management.
- 3.4 The Treasurer will receive information about and keep track of the progress of all investments, and report on the progress of the investments as required to the Finance Sub-Committee and the Committee of Management.

#### **4.0 Budget**

- 4.1 A budget will be prepared at the beginning of each year and will be reviewed mid-year. Monthly reports will enable a financial year-to-date comparison with the projected budget.
- 4.2 Monies obtained through grants will be set aside and used solely for the purposes as described in the contract pertaining to the grant.
- 4.3 Responsibility for the management and monitoring of funds rests with the Manager, who is directly accountable to the Committee of Management.

#### **5.0 Cash Management**

- 5.1 Money handling procedures will be detailed in the SNH Office Manual, and updated as procedures are modified. The procedures will cover details for
  - Receipting money received
  - Receipting and administration of bond money held against potential damage
  - Banking procedures
  - Holding cash in a designated secure place
  - Petty cash
  - Administration of monies received as payment in advance for course fees and refunds.
  - Use of cash for payments
  - Withdrawal of cash from
- 5.2. The Treasurer will periodically review the Office Manual to verify the procedures meet policy and business requirements and make recommendation for improvement.

#### **6.0 Payments**

- 6.1 All invoices must be certified by the Manager or Manager's delegate that the goods and services have been received and are in good working order and that the claim is in accordance with the House's purchase request or agreement.

- 6.2 Payment of invoices or accounts are to be prepared by the bookkeeper, accountant or Manager, and presented for signed authorisation by one (1) Committee members who must be the Chairperson, Secretary or Treasurer prior to payment or transfer of money. A second review and authorisation by any Committee of Management member must be carried out within 2 weeks of the payment being made to verify, confirm and evaluate the payments and procedures.
- 6.3 The Manager may authorise payment of legislated or statutory payments, such as tax and superannuation payments without the above authorisation where to seek such authorisation would result in the House being in breach of its obligations. Records of such payments are to be presented for the two (2) authorisation steps at the earliest convenience.
- 6.4 Payroll to be prepared by the bookkeeper, accountant, or Manager, and will be checked and authorized by at least one (1) Committee member who must be the Chairperson, Secretary or Treasurer prior to payment. In exceptional circumstances, the Manager may authorise payment of the regular, fortnightly pays with verbal approval by either the Chairperson, Secretary or Treasurer in order to meet the House's statutory obligations.
- 6.5 Payment by credit or debit card, signed cheque or funds transfer shall be in accordance with the delegations defined in the Financial Plan and reviewed with the Manager every 12 months in consideration of the business plan, the House's planned program and risk assessments.
- 6.6 Payment procedures will be detailed in the SNH Office Manual, and updated as procedures are modified. The procedures will cover details for
- How purchases for different types of purchases can be made
  - Banking and bank signature arrangements necessary to ensure effective and efficient business operations while reducing the risk to unauthorised expenditure and fraud.
  - Online banking work instructions, authorisation and verification
  - Number and assignment of authorisation to access accounts and process online payments
  - Issuing of credit and debit cards in accordance with the agreed limits
- 6.7 Changes to these procedures will be reported to the Committee of Management.
- 6.8 The Treasurer will periodically review the Office Manual to verify the procedures meet policy and business requirements and make recommendation for improvement.

## **7.0 Purchases**

- 7.1 Authorised receipts will accompany all requests for petty cash. Petty cash will be managed by the House Manager, or other authorized person.
- 7.2 All purchases must be authorized by the Manager prior to the purchase being made.
- 7.3 All Capital expenditure purchase shall be specifically identified in the annual budget and approved by the Committee of Management prior to ordering or purchasing. Any Capital expenditure that is not specifically identified in the approved budget shall be approved by the Committee of Management prior to ordering or purchasing. Where such expenditure is 'time critical', verbal or email confirmation by the Treasurer and Chairperson is required.

7.4 Travel Allowance or Reimbursement must be requested on an official Travel Allowance or Request for Reimbursement form, and authorized as per section 6.2 of this policy.

## **8.0 Tax Policy**

8.1 Sussex neighbourhood House is registered for GST and will abide by the taxation laws the House which include:

- Citing its ABN on all correspondence, programs, invoices and financial statements
- Issuing receipts to all participants and members which clearly states the GST paid to the House.
- Keeping accurate records of all GST related transactions
- Completing and submitting Business Activity Statements to the Australian Taxation Office in a timely manner.

8.2 Advise all staff of their obligations under the tax system.

8.3 Conduct periodic evaluation to maintain Income Tax Exempt Charity status under the taxation regulations but not less than once every 3 years.

## **9.0 Records**

9.1 Except where otherwise provided for in the Constitution, all Financial Records, Documents and Securities of the Association shall be kept in a secure manner at the address of the Association.

## **RESPONSIBILITIES**

### **Treasurer's Responsibility**

The responsibilities of the Treasurer are as follows:

- In consultation with the House Manager, decide and distribute between staff and the Treasurer the various financial responsibilities of the Association.
- Ensure that the correct accounts and records showing the financial affairs of the House, with full details of all receipts and expenditures connected with the activities of the House, are kept, and that these books shall be available for inspection by members at reasonable notice.
- Present an accurate and up to date financial statement to each Committee of Management meeting.
- Present an audited financial statement to each Annual General Meeting of Sussex Neighbourhood House.
- Attendance at sub-committee meetings relating to the financial matters of the House.

*Sussex Neighbourhood House acknowledges the use of resources made available by Our Community website ([www.ourcommunity.com](http://www.ourcommunity.com)) in development of this policy.*