# FINANCIAL ACCOUNTABILITY POLICY

# TEMPLATE

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**1. PURPOSE**

This policy is designed to support senior management, the Board and staff understand and apply financial controls to [ORGANISATION].

**2. COMMITMENT TO ETHICAL PRACTICE AND FINANCIAL TRANSPARENCY**

In managing finances, the role of [ORGANISATION’s staff, accounts receivable/payable officers, accountants and auditors is critical to ensure ethical practice. The following provisions will be in place:

* Accountants are to be certified CPAs and independent from [ORGANISATION].
* The [ORGANISATION] Auditor is to be a qualified Auditor registered with ASIC, independent from [ORGANISATION, and is to be appointed at each AGM, with at least two auditors presented to members for consideration.
* Personal and/or family and/or domestic relationships between any [ORGANISATION] staff or Board Director with the appointed accountancy firm or Auditor are to be avoided.
* Any staff member(s) in the role of Chief Financial Officer or book keeper or accounts payable/receivable officer is not to be in a family or other domestic relationship with the CEO, or the [ORGANISATION]’s accountants, or the Auditor.
* The [ORGANISATION]’s Financial Accountability Policy will be adhered to so as to ensure Financial Reports accurately reflect the [ORGANISATIONS]’s financial situation.
* The [ORGANISATIONS]’s Conflict of Interest Policy is to be adhered in relation to all financial decision-making.

**3. POLICY**

**3.1 Policy Statement**

* Independent accountants and auditors are to be appointed for the purposes of financial processing and auditing consistent with Clause 2 of this Policy.
* Only qualified persons and companies may be appointed for accounting and auditing roles consistent with Clause 2 of this Policy.
* Financial management within [ORGANISATION] is to be carried out according to the [ORGANISATION]’s Delegation Policy.
* Tied funding (Grant funding, project funding, commissions income and targeted philanthropic funding) Income can only be expended for the purposes for which it has been granted/paid.
* Untied funding (sponsorships, sales, general fundraising, membership fees) may be expended for operational purposes as approved by the Board and consistent with the Constitution of [ORGANISATION] and the approved annual budget.
* Two signed (physical or electronic) approvals are needed for each expenditure item no matter the extent of the payment. The approvals are to be from [*a Board member and the CEO, or the CEO and CFO, or from the CEO and a senior Manager approved by the Board].*
* Two (physical or electronic) approvals are needed for signing funding/grants and service agreements. The signatures are to be the Board Chairperson and the CEO.
* No expenditure can be approved without a service or product being supplied to [ORGANISATION], except that:
	+ Funding of external bodies may be made where [ORGANISATION] is:
		- Managing a grants program and is abiding by the guidelines of that grants program.
		- [ORGANISATION] owns, or is the majority owner of the external body, and only with the approval of the Board.
	+ Financial and in-kind sponsorship of external bodies:
		- May be made to not for profit community organisations consistent with the Constitution of [ORGANISATION], and where not made to individuals within the organisation.
		- May be made from untied funding.
		- Is limited to [$] per annum.
		- May be made with Board approval.
		- May not compromise the financial health, including adequate cash flow, of [ORGANISATION].
* Services for which payment is required, may not be provided to [ORGANISATION] by an organisation or company in which a senior manager, book keeper, accounts payable/receivable officer, CEO, Board Director, or individuals in a family or domestic relationship with a senior manager, book keeper, accounts payable/receivable officer, CEO or Board Director, has a financial or ownership or shareholding interest.
	1. **Annual budget**
* The CEO will prepare a draft annual financial year budget for the current financial year and present it to the Board, at a properly constituted meeting, for approval by the end of the 2nd week of the July by the latest; [and/or]
* The CEO will prepare a final annual financial year budget by the 2nd week of August and present it to the Board, at a properly constituted meeting, for approval by the end of the 2nd week of August by the latest.
* The approved final budget will be recorded as appropriate in the [ORGANISATION]’s accounting ledger against Jobs.
* The overall approved budget is to be provided to the accountants.
* The approved annual budget may not be varied without approval of the Board.
* Budget lines within the approved final annual budget may not be varied above [5%] other than with the Board’s approval.
	1. **Annual salaries budget**
* The CEO will prepare a draft annual salaries budget for the current financial year and present it to the Board for approval by the end of the 2nd week of the July by the latest; [and/or]
* The CEO will prepare a final annual salaries budget by the 2nd week of August and present it to the Board for approval by the end of the 2nd week of August by the latest.
* Salaries are to be consistent with the [name of] award.
* The CEO may confidentially negotiate a salary and conditions with the Board for the term of his/her contract:
	+ The terms of salary and conditions are to be provided to the [ORGANISATION] accountant by the CEO;
	+ The CEO or accountants not vary the agreed salary and/or conditions without the prior approval of the Board at a properly constituted Board meeting.

**3.4 Expenditure**

* Expenditure will be approved within the framework of the Delegations Policy.
* Expenditure may only be incurred for expenditure consistent with the approved annual budget.
* Expenditure will be reviewed at least monthly by the CEO and reported at least quarterly to the Board at a properly constituted meeting.
* Expenditure will have a matching official purchase order of [ORGANISATION]. The official purchase orders will be in paper form and/or in electronic form generated by the accounting software.
* Expenditure will only to be approved where original invoice or receipt documentation is provided, and where expenditure is consistent with the approved annual budget.
* Expenditure using credit card will be managed according to the Credit Card sub clause.
* Staffing appointments and service agreements will have a contract of employment signed at the time of appointment/service commencement, with staffing/service provision allocated to an approved annual budget line.
* Expenditure will not be approved for services provided to [ORGANISATION] by an organisation or company in which a senior manager, book keeper, accounts payable/receivable officer, CEO, Board Director, or individuals in a family or domestic relationship with a senior manager, book keeper, accounts payable/receivable officer, CEO or Board Director, has a financial or ownership or shareholding interest.

**3.5 Credit card usage**

* The Board will approve the maximum limit on a credit card but shall not be greater than [$].
* Only one credit card will be held by [ORGANISATION] and will be held by the CEO.
* The credit card is to be cancelled when the CEO’s employment ends.
* A new credit card is to be issued for an incoming CEO.
* Credit cards may only be used for expenditure consistent with the approved annual budget.
* Credit card expenditure must be accompanied by sufficient supporting documentation to validate the expense (e.g. tax invoice) or in lieu a statutory declaration.
* The loss of a credit card must be immediately reported to the issuing bank.

**3.6 Reimbursements**

* [ORGANISATION] will reimburse its staff (including contractors and volunteers) expenses incurred by them on behalf of [ORGANISATION] or in the course of [ORGANISATION] business so long as such expenses are:
	+ Reasonable and
	+ Authorised prior to expenditure.
* Reimbursement of reasonable but unauthorised expenses may be made on an ex gratia basis at the discretion of the CEO in exceptional circumstances only.
* Staff, contractors and volunteers incurring authorised expenditure must, wherever possible, receive, retain and produce receipts, invoices, vouchers, tickets, or other evidence of such expenditure.

**3.7 Petty Cash**

* The amount of the petty cash float shall be as determined by the CEO from time to time, but in general should not exceed $250. Any amount in the petty cash float over $250 shall be returned to general funds.
* Petty cash will be used to cover only those expense reimbursements for which it is not feasible, or for which it is unreasonably inconvenient, to use normal purchasing methods such as purchase orders, purchase cards or staff expense reimbursement. Any expense that is predictable, regular and significant should be dealt with through normal accounting procedures.
* The limit of $250 shall not be evaded through splitting of items into smaller amounts.

**3.8 Cheques**

* The [ORGANISATION] will not hold a chequing account.

**3.9 Bank signatories**

* A minimum of two signatories is required for transacting [ORGANISATION]’s bank accounts.
* The signatories are to be the CEO and a senior member of the [ORGANISATIONS]’s accountancy service.
* Additional signatories of a senior manager in [ORGANISATION] will be identified in the case of the absence of the CEO.
* Board Directors may not be signatories to the [ORGANISATIONS]’s bank accounts.
* Signatories are to be approved at a properly constituted Board Meeting as needed.

**4. RESPONSIBILITIES**

The CEO is responsible for providing this Policy to:

* + Board members when taking up their roles and making relevant content known at each Board meeting.
	+ The [ORGANISATION’s accountants and auditor.
	+ The [ORGANISATION]’s CFO or book keeper or accounts payable/receivable officer.

**5. RECORD KEEPING**

[ORGANISATION] will comply with the [ORGANISATION] Financial Reporting Policy.

**ASSOCIATED POLICIES**

* Code of Conduct
* Conflict of Interest Policy (Board)
* Conflict of Interest (Staff)
* Delegations Policy
* Ethical Sponsorship and Philanthropic Funding Policy
* Financial Management Policy
* Financial Reporting Policy
* Fraud Risk Management Policy
* Risk Management Policy

**RELEVANT LEGISLATION**

* Corporations (Aboriginal and Torres Strait Islander) Act 2006

## AUTHORISATION

<Signature of Board Chair>

<Signature of Manager>
<Date of approval by the Board>
<Name of Organisation>