

Southern Community Care Development Inc (SCCD)

POLICY 1.5 - FINANCIAL MANAGEMENT

SCCD IS COMMITTED TO ORGANISED & TRANSPARENT FINANCIAL MANAGEMENT PROCESSES TO MEET THE REQUIREMENTS OF RELEVANT LEGISLATION, FUNDING AGREEMENTS & TO MANAGE RISK.

Roles of Management Committee, Staff & Contractors

The SCCD Management Committee is responsible for the overall financial management of the organisation, ensuring:

- SCCD has an approved budget for the year, and that expenditure is within the budget (see **Budget**, below);
- SCCD has sufficient income to meet the budget requirements;
- the conditions of the agreement with Sutherland Shire Community Care Network Inc (SSCCN) and any other funding agreements are followed (see **Policy 1.1 Statement of Purpose**);
- funds are properly accounted for and an audit is completed every year (see **Annual Reporting**, below).

The Treasurer (or Chairperson in the absence of a Treasurer) is the committee member with a specific role in financial management (see **Policy 1.2 Management Committee**), to:

- make sure proper books of account are properly maintained and kept safe;
- make sure monthly and quarterly financial reports are produced and present these at monthly management committee meetings;
- make sure the financial requirements of funding bodies are met;
- make sure management committee members understand the financial reports;
- make sure an audit of the books is prepared each year and that the accounts of the Association, showing the financial position at the end of the preceding financial year, is submitted to members at the Annual General Meeting (see **Policy 1.3 Code of Behaviour for the Management Committee**);
- make sure funds are not being mismanaged.

The SCCD Management Committee delegates management of the day-to-day financial systems to the HACC Development Officer, who supervises and works in conjunction with a contract bookkeeper and SCCD Project Assistant (see relevant *Staff Job Descriptions & Workplans*), to:

- draft, manage and review external contracts (staff, bookkeeper and occasional consultants);
- develop and maintain appropriate computerised accounting procedures in conjunction with the bookkeeper and Treasurer;
- develop and maintain appropriate budgeting procedures in conjunction with the bookkeeper and Treasurer;
- provide monthly financial reports to the management committee in conjunction with the bookkeeper and Treasurer;
- oversee payment of SCCD expenses by the bookkeeper, including accounts, staff salaries and associated costs;
- ensure appropriate insurance coverage of all projects in conjunction with the bookkeeper and Treasurer;
- provide the auditor with relevant end-of-financial year reports in conjunction with the bookkeeper, SCCD Project Assistant and Treasurer;
- provide SSCCN and other funding bodies with relevant annual acquittals and reports in conjunction with the bookkeeper and Treasurer.

Together, all SCCD personnel work to agreed processes and performance indicators to achieve quality financial management practices.

SCCD Accounts

Bank Accounts

SCCD bank accounts are held at the banking institution approved by the Management Committee at any given time, and may include:

- One cheque account for daily operation expenses of the organisation; and
- Term deposits.

The HACC Development Officer and SCCD Project Assistant will maintain a current list of accounts and financial institutions on file.

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SCCD Budget

The SCCD Management Committee makes financial decisions, including resource allocations, and monitors income and expenditure using an annual budget, which covers each financial year 1 July to 30 June.

Budget Development

Planning for each budget (*SCCD Budget*) occurs in the second half of the previous financial year as a part of SCCD's annual planning session (see **Policy 1.5 Planning & Review**) and routine review of monthly reports against budget (below). Key planning processes include:

- SCCD's performance against the current year's budget is reviewed at the beginning of the last quarter of the year (April) and, with advice and costings provided by the HACC Development Officer and Treasurer, the Management Committee may alter planned expenditure to ensure SCCD activities meet the resources available for the remainder of the year;
- issues for consideration in the next year's budget are discussed in the planning session and potential actions, including changes to budget structure, are collated by the HACC Development Officer for discussion with the Treasurer and contract bookkeeper (April/May);
- the HACC Development Officer meets with the bookkeeper to finalise the current budget operations and end-of-financial year reports (below) and draft the next year's budget (May/June);
- the next year's draft budget is developed in electronic form by the bookkeeper and the HACC Development Officer and Treasurer, then presented to the Management Committee for approval following any suggested changes;
- the final budget is provided to the Management Committee and forms part of the current *Management Committee Kit*.

Budget Review

SCCD Management Committee monthly meeting agendas include a financial report, which allows the committee to endorse all spending the HACC Development Officer has authorised on their behalf during the preceding month in accordance with the approved budget, and make decisions for the period ahead based on accurate, detailed budget information. A range of financial reports are produced by the bookkeeper and distributed by the HACC Development Officer to the Management Committee:

.....prior to monthly management Committee meetings:

- Account Transactions [for reporting period month];
- Balance Sheet [as at report date];

.....quarterly prior to October, January, April & July meetings:

- Bank Statement [quarterly];
- Budget Analysis [quarterly];
- Profit & Loss Budget Analysis [quarterly];

.....and as needed:

- Budget [dated as issued/updated].

The HACC Development Officer and/or the Treasurer presents the monthly reports detailing budget information to the Committee for endorsement, while highlighting any issues requiring Management Committee consideration and/or further discussion at the meeting (see **Policy 1.3 Code of Behaviour for the Management Committee**).

Day-to-Day Processes

The HACC Development Officer manages the day-to-day operations of SCCD, including the financial processes to ensure:

- SCCD meets all financial obligations as employer, insured body, taxpayer etc and adequate funds are set aside to cover SCCD operating costs, including contingency funds;
- SCCD does not overspend their funds nor return an unexpended surplus to the funding bodies;
- prompt payment of SCCD accounts, salaries, insurances etc by the bookkeeper;
- all monies received are recorded in the MYOB computer accounting system by the bookkeeper and deposited in the appropriate nominated accounts, either by the bookkeeper (via direct debit) or the Project Assistant (by cheque or petty cash deposits at the bank);
- all payments by SCCD (except petty cash) are made by cheque, or through direct debit electronic banking on or around alternate Mondays (wages and personal reimbursements to be paid by direct debit);

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- cheques are signed by two (2) delegated persons, of which one (1) signatory is a Management Committee member or the HACC Development Officer (blank cheques are never signed);
- all cheque and electronic payment requisitions are authorised by the HACC Development Officer;
- all payments should be in accordance with the approved budget; individual non-budgeted items of \$500 or more need the approval of the Management Committee (lesser amounts may be committed prior to Management Committee approval, providing the HACC Development Officer checks that the budget is sufficient);
- monthly financial statements are produced by the bookkeeper and presented to the committee for endorsement, with accompanying notes or verbal explanations at meetings.

Payments by SCCD

The HACC Development Officer, with the SCCD Project Assistant, collects and collates invoices received at the SCCD office during each fortnight to coincide with the staff pay period, and then provides to the bookkeeper (either for the bookkeeper to pick up from the office or the HACC Development Officer to deliver):

- copies of all invoices received and detailed instructions for payment of each, including name of payee (see *Accounts Payable Form*), amount to be paid, method of payment (generally direct debit), the budget category code/s from which the funds are to be drawn (see *current SCCD Budget*) and authorisation for each on a signed and dated cover sheet (*Payments Requisition Form*);
- any additional correspondence or reading material relevant to the bookkeeper's role, including required actions for each and any questions for the bookkeeper on a signed and dated cover sheet (*Document Transfer Form*).

The SCCD Project Assistant photocopies the cover sheets as a record of all documents that have gone to the bookkeeper, and retains them until the relevant documents are returned to the SCCD office for filing. Generally, the bookkeeper retains staff timesheets and other documents relating to payroll; SCCD office files contain bank statements, staff travel and receipts for reimbursements and invoices (see **SECTION 2: STAFF MANAGEMENT**).

The HACC Development Officer also provides information about purchases for inclusion by the SCCD Project Assistant of SCCD's *Assets Register* (part of systems detailed in **SECTION 4: OHS MANAGEMENT**), which records all equipment purchased with a value in excess of \$300.

Payments to SCCD

SCCD issues itemised GST invoices for all fees payable to SCCD, with the exception of membership fees, and receipts are provided according to the type of payment received. Training and resources provided by SCCD involve a registration or ordering process, during which the HACC Development Officer or SCCD Project Assistant provides the bookkeeper with information to be included in the invoice and recipients' contacts; the bookkeeper produces these invoices on SCCD letterhead for approval by the HACC Development Officer, and emails them directly to the recipients. SCCD invoices are generally paid by direct debit, so the bookkeeper then issues the receipt via email. Cheque and cash payments are processed by the Project Assistant, and handwritten receipts issued from a generic receipt book; both are recorded in petty cash (below) and cheques deposited at the bank by the SCCD Project Assistant.

SCCD products are only provided prior to payment when the HACC Development Officer has authorised simultaneous issuing of item and invoice to a trusted party, generally non-profit organisations and for values under \$50.

Petty Cash

The SCCD Project Assistant is responsible for managing cash payments and receipts via petty cash, which is locked securely in a safe. The starting float is \$300, and all expenditure, receipts and signatures of persons expending monies, as well as an ongoing balance registered on *Petty Cash Record* cover sheets.

Annual Reporting

Audit

An annual audit is undertaken each year by a qualified auditor appointed by the Management Committee (see *last Annual Report*). The HACC Development Officer and SCCD Project Assistant provide the auditor with relevant files from the SCCD office (fortnightly *Payments Requisition Form*, invoices) and the bookkeeper provides electronic files and documents she holds (MYOB, bank statements, payroll etc). The Treasurer or Chairperson will present the audited report on the financial position of the organisation at the Annual General Meeting (see **Policy 1.3 Code of**

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Behaviour for the Management Committee) and be available to answer questions from SCCD members. The audit may occur in conjunction with processes and timelines required by Sutherland Shire Community Care Network Inc (SSCCN) (see **Policy 1.1 Statement of Purpose**).

Acquittals

Like the audit (above) and insurance (below), the process of accounting for funding provided to SCCD through the HACC Program is shared with SSCCN. The HACC Development Officer provides information from the bookkeeper as requested.

Insurance

The type of insurance cover and level of insurance cover will be decided by the SCCD Management Committee after consultation with SSCCN on shared needs and appropriate brokerage agencies (see **Policy 1.2 Management Committee**).

Insurance will include as a minimum:

- Public liability to the value of at least \$10 million (see *Constitution*) [shared with SSCCN];
- Workers' compensation (see **SECTION 2: STAFF MANAGEMENT**);
- Contents (fire, theft and burglary, personal accident and public liability);
- Directors and Officers insurance;
- Professional indemnity;
- Volunteer insurance.

Staff Vehicles

The HACC Development Officer ensures that the vehicles of all staff have full comprehensive coverage through their own insurance policy if used for work purposes. Vehicle and insurance details, together with licence currency, is recorded in *Personnel Profile*.

Management Committee

Volunteer Management Committee members are covered for any injury where they were not at fault in any way during the performance of their duties under the Directors and Officers insurance. (It should be noted that some committee members of SCCD may be acting as a part of their employment of other agencies (see **Policy 1.2 Management Committee** and **Policy 1.3 Code of Behaviour for the Management Committee**).

Insurance Register

The HACC Development Officer maintains a *Register of Insurance Policies* recording the policy number, the insurance company, what it covers, the premium, the date paid and the expiry of the cover. Renewals for insurance policies will be referred to the HACC Development Officer for payment by the bookkeeper (see **Payments by SCCD**) and included in the relevant report to the Management Committee.

Key Documents (see **0.0 SCCD Documents**)

MANAGEMENT COMMITTEE APPROVAL: 15/12/11