



Finance Policy

1. Purpose and Scope:

This policy provides guidelines for financial management based on sound planning, control and evaluation, to achieve optimum use of the Taillem Bend Community Centre (TBCC) resources and accountability to TBCC members, the community and funding bodies.

This policy also provides guidelines to the board and staff when seeking sponsorship and donations.

2. Definitions:

Accounts	a statement of the financial position of the organisation (Balance Sheet) or income received and expenditure incurred over a specified period (Income and Expenditure Statement) or other record of financial transactions
Accounts receivable	see Assets
Accrual accounting	the accounting convention whereby income and expenditure are recognised in the period in which they are earned or incurred, regardless of when cash is received or paid out.
Assets	physical and non-physical items of value that the organisation owns and/or controls. They include cash, investments, buildings, equipment, machinery, furniture and money owed by others (Accounts receivable).
Audited statements	accounts of the organisation which have been examined and reported upon by a registered auditor.
Balance sheet	an account of the financial status of an organisation at a point in time (e.g. the end of a month or other accounting period) recording all assets and liabilities of the organisation.
Budget	a detailed account of income and expenses expected over a certain period of time (typically a financial year).
Cash accounting	the process of accounting for income when it is received (not when earned) and expenditure when payment is actually made (not when the debt is incurred).
Cash flow statement	a financial statement of the inflows and outflows of cash over a particular period, or those expected to occur over a period.
Chart of Accounts	the structure of the accounts, designed to ensure that financial statements are informative and show classifications of transactions relevant to the needs of the Board, members and stakeholders to be able to assess the financial status of the organisation.
Current assets	cash and other assets that are expected to be or could be converted into cash within one year.

Current liabilities	financial obligations due to be paid within one year e.g. accounts payable, accrued employee entitlements, taxes payable, grants paid to the organisation in advance of expenditure and the current portion (due within one year) of long-term debt.
Depreciation	an assessment of the cost incurred by the organisation in using fixed assets in the conduct of its business over a period, thereby reducing the value of the assets.
EFT	Electronic Funds Transfer; payment by debit, credit cards
Employee entitlements	benefits that employees accrue during their employment, such as annual and long service leave.
Equity	is the net worth of the organisation (Assets minus Liabilities) at the beginning of a period plus income and minus expenditure incurred over the current year.
Financial year	the accounting period adopted by an organisation for reporting to its stakeholders, for the setting of a budget, depreciating assets and assessing its financial performance.
Fixed assets	items acquired for long-term use with an expected useful business life of more than one year.
Income / Expenditure Report	an account of the organisation's income and expenditure over a specific period of time – usually monthly, quarterly and at year end.
Liabilities	amounts the organisation owes to another entity which are incurred in the course of doing business. Liabilities include items such as accounts payable, borrowings to be repaid, employee entitlements (such as long service leave) and the cost of contractual or legal commitments made.
Long term liabilities	liabilities not due to be paid for at least a year, (e.g. mortgages, intermediate or long-term loans, long service leave entitlements which are not due for over a year.
Net worth	the total assets minus total liabilities of TBCC.
Sponsorship and Gifts	any Best Fit, Donation or Gift, Collaborative Action, Community Business Partnership, In-kind Donations, Naming rights or Sponsorship. See TBCC Guidelines for Accepting, Donations, Gifts and Sponsorships
Staff	paid employees and volunteers
Surplus/Deficit	Income less Expenses in an accounting period.

3. Background:

TBCC is a not-for-profit body with the following status under the A New Tax System (Goods and Services Tax) Act 1999: - Registered for Goods and Services Tax (GST)

TBCC's financial year runs from 1 July to 30 June.

4. Policy:

TBCC manages its finances and assets to achieve the most cost-effective use of its resources in achieving its objectives and reports on its financial transactions openly and honestly to provide an accurate view of its financial status.

TBCC has adopted the following Fiscal Policies

- 4.1 All cash accounts and term deposits owned by TBCC will be held in financial institutions which are authorised deposit-taking institutions (banks, building societies and credit unions) insured by the Financial Claims Scheme (FCS) which protects depositors from potential loss due to failure of these institutions. No bank account or term deposit will carry a balance over the FCS insured amount.
- 4.2 All capital expenditures which exceed one thousand dollars (\$1,000) will be capitalised.
- 4.3 Staff or public personal cheques will not be cashed through the petty cash fund.
- 4.4 No salary advances will be made other than for Recreation Leave.
- 4.5 No travel cash advances will be made except under special conditions and pre-approved by the Chief Executive Officer (CEO).
- 4.6 Reimbursements will be paid upon complete expense reporting using official Centre forms where they exist (e.g. Travel Reimbursement). Reimbursements to the CEO will be authorized by the Treasurer, Finance Officer or delegate.
- 4.7 Any donated item with a value assessed as exceeding \$200 will be recorded and a letter acknowledging the donation will be sent to the donor within two weeks of receipt of the donation – confirming the intent of the donor in making the donation.
- 4.8 The Treasurer, together with an approved Board/Staff member will be the signatories on bank accounts and term deposit transactions. Cheques or other disbursements over \$5,000 require approval from the Board, which is taken as given if the disbursement is budgeted for in a Board-approved grant.
- 4.9 Bank statements will be reconciled monthly. All reconciliations together with bank statements will be stored in the Treasurers cupboard in the secure Board Office at TBCC.
- 4.10 Correction fluid and/or tape will never be used in preparing time sheets or any accounting documents.
- 4.11 Accounting and personnel records will be kept in locked filing cabinets in The Board office and only parties with financial and/or HR responsibility will have access to the keys.

5. Roles and responsibilities:

The Board:

- is responsible for TBCC meeting all its financial obligations and reporting openly and accurately on its financial transactions and status.
- monitors the adoption of and adherence to internal controls to ensure the protection of Centre assets and that TBCC's financial affairs are managed prudently and with integrity.
- conducts a budget planning process each year as part of its annual business planning.

- approves an annual budget to achieve priorities determined in its Strategic Plan and monitors TBCC's income and expenditure relative to the agreed budget.
- approves a budget that must be flexible in responding to unforeseen events, including possible reductions in cash flow. The annual operating budget must therefore be regularly monitored and reviewed.
- approves above-budget and non-budgeted expenditure on the recommendation of the Treasurer
- approves the opening of bank accounts and investment vehicles (on the recommendation of the Treasurer and authorises signatories (including electronic) for operating accounts.
- approves the establishment of Cash Advance and Petty Cash funds
- approves all contracts above \$10,000
- appoints the Treasurer
- contracts with Centre's auditor.

The Finance Officer:


- monitors income and expenditure and provides a quarterly review of the budget review to the Board
- reviews all financial reports to ensure that they accurately reflect TBCC's financial position
- proposes (in consultation with the CEO and Treasurer) TBCC's budget to the Board annually.
- ensures that prudential financial procedures and practices are adopted to minimise the prospect of the misuse of Centre resources and that financial reports.
- reviews bank account reconciliation and reports on each to the Chair

The Chief Executive Officer (CEO):

- is responsible for establishing and maintaining TBCC's Chart of Accounts and its accounting system, in conjunction with the Treasurer and Finance Officer
- oversees the adherence to internal controls and the approved budget
- approves grant applications under \$50k and monitors reporting to funding bodies and compliance with grant conditions and budgets
- recruits and supervises the Finance Officer
- ensures that standard accounting procedures are followed and that records and reports are both accurate and informative of TBCC's financial position
- drafts the budget and budget reviews in consultation with Board Committees and staff (as appropriate to their terms of reference).

The Auditor:

- reviews TBCC's financial transactions and accounts to establish that they are accurate and reflect the financial status of the organisation – to the extent that it is reasonably practicable to do so.
- gives advice on the correct method of recording transactions and account presentation.

Date first formulated	November 2015 <i>(Replaces Budget Planning Policy, Participants Refund Policy and Sponsorship Policy – previously Policy and Guidelines for accepting Donations and Subscriptions)</i>	
Dates endorsed by Board	V1 June 2016, V2 Feb 2019, V3 August 2019, V4 April 2020	V5 June 2021
Next Review Date	June 2022	
Related Documents	Finance Procedures Delegation of Authority Policy Risk Management Policy Sponsorship policy TBCC Strategic Plan TBCC Fee policy Australian Charities and Not for Profit Commission Information Sharing Guidelines The Aged Care Quality Standards Carers' rights and legislation NDIS Quality and Safeguards Commission Information Sharing Guidelines Australian Tax Office	
Legislation	Associations Incorporation Act 1985 A New Tax System (Goods and Services Tax) Regulations 2019 State Records Act 1997 A New Tax System (Goods and Services Tax) Act 1999	
Signed on behalf of TBCC Board of Management by:		
Name: Jack Hunt		
Position held: Chairperson	Signature: 	June 2021