

## **POLICY 14: FINANCIAL MANAGEMENT POLICY**

### **1. INTRODUCTION**

One of the basic rules of governance is good financial management practices. This policy is developed to ensure that U3A Mornington (U3AM) has sound financial management policy and practices in place.

### **2. PURPOSE**

The purpose of the financial policy is to describe and document how the Committee of Management (Committee) wants financial management activities to be carried out. In order to accomplish this, every financial policy needs to address five areas:

1. Assignment of authority for necessary and regular financial actions and decisions.
2. Policy statement on conflicts of interest.
3. Clear authority to spend funds, including approval, and cheque or electronic signing.
4. Clear authority to enter into contracts.
5. Clear responsibility for maintaining accurate financial records.

### **3. SCOPE**

This policy applies to the financial responsibilities and activities of the Committee of Management.

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Supersedes:	New	



## 4. POLICY

### 4.1 Management of Funds

- U3AM must open an account with a financial institution from which all expenditure is made and into which all revenue is deposited.
- Subject to any restrictions imposed by a general meeting, the Committee may approve expenditure on behalf of U3AM.
- The Committee may authorise the Treasurer to expend funds on behalf of U3AM up to a limit of up to \$500 without requiring approval from the Committee for each item on which the funds are expended.
- Expenditure greater than \$500 must be authorised by the Committee or Executive.
- All electronic transfers, cheques, drafts, bills of exchange, promissory notes and other negotiable instruments must be signed by the Treasurer and one other authorised signatory.
- All funds must be deposited into the financial account of U3AM no later than 5 working days after receipt.
- With the approval of the Committee, the Treasurer may maintain a cash float, provided that all money paid from or paid into the float is accurately recorded at the time of the transaction.

### 4.2 Financial records

4.2.1 U3AM must keep financial records that:

- Correctly record and explain its transactions and financial position and performance; and
- Would enable true and fair financial statements to be prepared as required by the Act.

4.2.2 U3AM must retain the financial records for 5 years after the transactions covered by the records are completed.

4.2.3 The Treasurer must keep in his or her custody, or under his or her control:

- The financial records for the current financial year; and
- Any other financial records as authorised by the Committee.

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### 4.3 Financial Statements

For each financial year, the Committee must ensure that the requirements under the Act relating to the financial statements of U3AM are met.

Those requirements include:

- The preparation of the annual financial statements.
- Auditing of the annual financial statements.
- The submission of the financial statements to the annual general meeting (AGM) of U3AM; and
- The lodgement with the Registrar of the financial statements and accompanying reports, certificates, statements and fee.

### 4.4 Conflict of Interest

The issue of conflict of interest is covered in a separate policy.

### 4.5 Contracts

Any two Executive Members of the Committee are authorised to enter into contracts or lease agreements which have been approved by the Committee.

## 5. RESPONSIBILITIES

5.1 The Committee of Management will ensure that:

- A suitably qualified person is recruited to the role of Treasurer.
- Adequate support by means of a financial subcommittee, advisory group or Assistant Treasurer is established, if needed.
- An approved budget for the year is determined and that expenditure is within budget.
- Sufficient income is available to meet the budget requirements.
- An audit is completed each year, for approval at the AGM.
- A suitably qualified auditor is appointed at the AGM.
- Decisions regarding investment are resolved by the Committee.

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- The Treasurer and at least one other Committee Member are authorised to operate the bank accounts.

5.2 It is the responsibility of the Treasurer that:

- Monthly financial management reports are prepared for the monthly Committee Meetings.
- Any variances to the budget are explained to the Committee.
- A bank reconciliation is undertaken at the end of each month to ensure receipts and payments balance with deposits and withdrawals.
- A Credit Card facility is available for the payment of direct debits and for any payments required by the Committee from time to time. The Credit Card is held by the Treasurer in order to maintain the internal controls of U3AM.
- The signatories to the U3AM bank account/s are current.
- An Asset Register and Depreciation Schedule are maintained.
- The Insurance Policies for both Public Liability and Assets are renewed annually.
- All legal and taxation requirements are attended to and delivered on time.
- A subsequent action plan is developed to respond to the auditor's report, if necessary.
- An annual return is submitted to the Australian Charities and Not-for-Profit Commission (ACNC) by the given date.

## 6. RELATED POLICIES

02: Conflict of Interest Policy

06: Risk Management Policy

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## 7. REFERENCES

U3AM Rules of Association Clause 68-70.

Propel Non-Profit

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