

POLICIES & PROCEDURES

Finance

DECEMBER 2020
FAME

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Financial Control

PURPOSE

3KND will follow the highest standards of probity and transparency in its financial and operational procedures. To this end all Financial and Payroll transactions will be conducted in accordance with all applicable legislative and regulatory standards.

POLICY

To spell out procedures that must be followed in the control of financial transactions and contractual arrangements on behalf of **3KND**.

PROCEDURES

Board of Directors

- Due diligence will apply to all financial controls within **3KND**.
- The Board of Directors will hold exclusive authority over delegations for financial and contractual commitments as per the Authority Delegation Schedule.
- No single Director or staff member may authorize a change to the Authority Delegation Schedule or enter into a financial transaction or contractual arrangement on behalf of **3KND**. Attempts to do so will be dealt with as per the Fraud Risk Management Policy **insert policy number**.
- The Board will take into consideration recommendations of the Executive Committee as to financial and contractual commitments.
- The Board will appoint Auditors to provide audited accounts to the Board of Directors on an annual basis.
- The Board will cause financial accounts to be reported at their monthly meetings

Manager:

- The Manager will ensure that all staff, volunteers, and other stakeholders are aware of the provisions of the Authority Delegation Schedule and that any breaches of the Schedule shall be reported to the Board of Directors immediately.
- The Manager will apply the principles of due diligence to all financial controls within **3KND**.

AUTHORISATION

Signature of Manager **3KND**

Name of Manager **3KND**

Date

Procedures number	Version	<<insert number>>
Drafted by Maria Dugan	Approved by Manager 3KND on	<<insert date>>
Responsible person Manager 3KND	Scheduled review date	June 2021

Fraud Risk Management Policy

PURPOSE

1. To ensure that all parties are aware of their responsibilities for identifying exposures to fraudulent activities and for establishing controls and procedures for preventing such fraudulent activity and/or detecting such fraudulent activity when it occurs.
2. To provide guidance to staff as to action which should be taken where they suspect any fraudulent activity.
3. To provide a clear statement to staff forbidding any illegal activity, including fraud for the benefit of the organisation
4. To provide assurance that any and all suspected fraudulent activity will be fully investigated.

POLICY

- The Board of Directors of **3KND** has ultimate responsibility for the prevention and detection of fraud and is responsible for ensuring that appropriate and effective internal control systems are in place.
- All managers must ensure that there are mechanisms in place within their area of control to:
 - (i) assess the risk of fraud
 - (ii) educate employees about fraud prevention and detection
 - (iii) facilitate the reporting of suspected fraudulent activities
- All staff share in the responsibility for the prevention and detection of fraud in their areas of responsibility. All staff have the responsibility to report suspected fraud. Any staff member who suspects fraudulent activity must immediately notify their supervisor or those responsible for investigations. In situations where the supervisor is suspected of involvement in the fraudulent activity, the matter should be notified to the next highest level of supervision.
- Any fraud by any staff member shall constitute grounds for dismissal.

PROCEDURES

- Fraud prevention accounting procedures shall be incorporated in the organisation's policies related to Financial Controls.
- All complaints of suspected fraudulent behaviour will be investigated [as specified in this document], whilst also providing for the protection of those individuals making the complaint and natural justice to those individuals being the subject of any such complaint.
- Where a prima facie case of fraud has been established the matter shall be referred to police. Any action taken by police shall be pursued independently of any employment-related investigation by the organisation.
- Recruitment strategies shall incorporate fraud prevention.
 - Applicants shall be required to undergo police checks where required by the duties of the position
 - Previous employers and referees shall be contacted
 - Transcripts, qualifications, publications and other certification or documentation shall be validated
 - A Signed Privacy, Confidentiality and Security Agreement will be held on file and a copy given to the employee
- Fraud prevention and detection issues will be included in relevant staff development and induction activities.
- Vendors and contractors shall be asked to agree in writing to abide by these policies and procedures.

AUTHORISATION

Signature of Manager **3KND**

Name of Manager **3KND**

Date

Procedures number		Version	<<insert number>>
Drafted by	Maria Dugan	Approved by Manager 3KND on	<<insert date>>
Responsible person	Manager 3KND	Scheduled review date	June 2021

Use of Credit Card Policy

PURPOSE

3KND will follow the highest standards of probity and transparency in its financial and operational procedures. To this end issuing of and payment for all organisational credit cards will be conducted in accordance with all legislation applicable, to the regulatory standards that apply and follow the procedures as set out below.

The purpose of this policy is to:

- ensure that organisational transactions are carried out as efficiently as possible through the use of credit cards and transaction cards as appropriate.
- guard against any possible abuse of organisational credit cards.

PROCEDURES

1. Card Issue

Issue of an Organisational Credit Cards may only be authorised by the Board of Directors. The approved Organisational Credit Card shall be held by the Manager.

The board may delegate this power to any or all of the Management Committee.

The Organisational Credit Card will be issued only to a specific person, who will remain personally accountable for the use of the card. Cardholders will sign the attached declaration (Appendix A).

Only the authorised signatory may use the card. No more than one card shall be issued per cardholder. Credit limits as appropriate shall be set for each card by the Board of Directors. As of 2020 the limit is \$2,000.

2. Cardholder's Responsibilities

The Cardholder shall:

- In all cases obtain and retain sufficient supporting documentation to validate the expense (e.g., tax invoice) or shall in lieu provide a statutory declaration
- Attach these to the monthly statement from the bank
- Review the monthly statement for inaccuracies (and report these to the Board)
- Verify that that goods and services listed were received
- Sign the monthly statement to verify that transactions have been made for official purposes
- Forward the papers to the authorised signatory for approval (a member of the Executive Committee shall authorise payments for the Manager's Credit Card).

- Notify the bank, the Administrative Officer, and the Chair immediately if
 - The card is lost or stolen.
 - Any unauthorised transaction is detected or suspected
- Notify the Board of Directors and the bank of any change in name or contact details
- Take adequate measures to ensure the security of the card.
- Return the card to the Chair if:
 - the Cardholder resigns
 - the Board determines that there is no longer a need for the cardholder to retain his or her card
 - the Organisational Credit Card has been cancelled by the bank.
- Be personally liable for any unauthorised transaction unless the card is lost, stolen or subject to fraud on some part of a third party.

The Cardholder shall not:

- exceed any maximum limits set for the Organisational Credit Card from time to time
- obtain cash advances through the Organisational Credit Card
- use the card for any proscribed purchases
- authorise their own expenditure
- claim double allowances (i.e., request reimbursement for an expense already paid by the card).

3. Credit Card Expenditure

The Card will only be used for those activities that are a direct consequence of the cardholders' function within the organisation.

Where coincident and/or private expenditure occurs on the same transaction (where, for example, a person incurs a debt for personal telephone calls during a hotel stay) the cardholder must settle the private expense prior to charging the balance on the Organisational Credit Card.

Where doubt exists as to whether or not an item is function-related, prior authorisation should be obtained from the Chairperson of the Board or the Chairperson of the Executive Committee).

The use of the corporate card for "services of a dubious nature" is expressly prohibited. "Services of a dubious nature" are defined as any goods or services that might bring the name of the organisation into disrepute.

4. Credit Card Misconduct

Wherever a breach in this policy occurs, the Board of Directors must assess the nature of the breach and if significant report the breach to the police for criminal investigation or if lesser in nature, institute an appropriate disciplinary process:

- in the first instance, counselling and or verbal warning (and diary or file note created)
- in the second instance, a written warning
- in the third instance, or if the dollar amount is greater than \$1000 the card is to be immediately withdrawn.

At the next Board of Directors meeting the Chair shall report:

- the investigation of the circumstances of the breach
- police report and action (if any)
- disciplinary action taken (if any)

AUTHORISATION

Signature of Manager **3KND**

Name of Manager **3KND**

Date

Procedures number		Version	<<insert number>>
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Responsible person	Manager 3KND	Scheduled review date	June 2021

CARD ISSUE FORM

Organisation Name

Cardholder Name

Position

I understand and agree that the Organisational Credit Card is issued to me on the express understanding that I will, at all times, comply with the following conditions.

USE

1. The Organisational Credit Card (the Card') is the property of **3KND** and is in my possession and under my strict control.
2. I will not permit the Card to be used by any person other than myself.
3. I will only use the Card for official purposes.
4. I will immediately report any unauthorised use of the Card to the bank and the Board of Directors via the Chair.
5. I will not use the Card to pay for expenses that have already been claimed (or will be claimed) by any form of allowance.

MONTHLY RECONCILIATION

6. I will be issued with a monthly statement by the bank. I will:
 - Ensure that all transactions that appear on the monthly statement are verified by me.
 - Ensure that sufficient supporting documentation is attached to the monthly statement when it is submitted for approval.
 - Certify that goods or services paid for using the Card have been delivered or provided.
 - Sign the monthly statement provided by the service provider to indicate that the transactions appearing on the statement have been made only for official purposes.

Continued....

CHANGE IN CARDHOLDER DETAILS

7. I will immediately advise the Administrative Officer/Chair of any change in my name or contact details.

UPON RESIGNATION OR TRANSFER

8. I will immediately return my Card to the Chair if I resign or retire, or if my services as an employee of the organisation are otherwise terminated, or if I am instructed to do so by the Chair.

LOST OR STOLEN CARDS

9. I will immediately report the loss or theft of my Card to the bank, the Administrative Officer, and the Chair.

DECLARATION

10. I confirm that I have access to only one Card.

11. I acknowledge that I have been briefed on all aspects of the operation and use of the Card.

Credit Card #

Cardholder Signature

Signature of Authorised Card Issuer

AUTHORISATION

Signature of Manager **3KND** _____
Name of Manager **3KND** _____
Date _____

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Re-imbusement of Expenses Policy

PURPOSE

3KND will follow the highest standards of probity and transparency in its financial and operational procedures. To this end all reimbursements will be conducted in accordance with all legislation applicable and to the regulatory standards that apply.

3KND will reimburse its Board Members, Members, staff (including volunteers) any reasonable and authorised expenses incurred by them on behalf of **3KND** or in the course of **3KND** business.

PROCEDURES

1. **3KND** will not reimburse staff for
 - Expenses claimed by an employee as a tax deduction.
 - Expenses normally recoverable from a third party.
 - Claims for purchases that are required to be made under a [name of organisation] purchase order
 - Expenses that are not incurred for business purposes.
 - Late payment interest on credit cards.
 - Parking, traffic, or other fines and penalties.
2. In travel expenses,
 - Employees will be reimbursed for the most direct and economical mode of travel available, considering all of the circumstances.
 - Employees will not be reimbursed for additional costs incurred by taking indirect routes or making stopovers for personal reasons.
 - Use of an employee's own vehicle for work-related travel will be reimbursed by way of an all-inclusive mileage allowance at a given rate (see #).
3. For accommodation,
 - Employees will be reimbursed for moderate accommodation expenses, considering all of the circumstances.
 - Employees will not be reimbursed for items of a personal nature charged to a hotel account.
 - When accommodation is provided by an employee's friend or relative to whom the employee gives money or a gift as compensation or as a sign of appreciation, the employee may claim an overnight accommodation expense in accordance with per diem rates (see #).
4. For the employee's own meals,
 - Employees will be reimbursed for reasonable and appropriate meal expenses actually incurred while on **3KND** business.
5. When the staff member is offering hospitality on behalf of **3KND**,
 - Employees will be reimbursed for hospitality expenses incurred in the course of **3KND** business, as appropriate.
 - Appropriate hospitality charges include events hosted or sponsored for the purpose of promoting **3KND's** work or enhancing its image and include meals that are related to the transaction of **3KND** business.

- When **3KND** employees dine together while on **3KND** business, it is appropriate for the senior person (if any) to arrange payment and submit the claim for reimbursement.
6. Reimbursement of reasonable but unauthorised expenses may be made on an *ex-gratia* basis.
 7. Advance payments may be authorised where appropriate. Such payments will be subtracted from the amount of any later reimbursements. If expenditure is not for whatever reason incurred then any advance payments made, or any unspent portion of such payments, must be returned.
 8. Fixed *per diem* payments may be authorised where appropriate.
 9. Staff are authorised to approve expenses to the amount specified in their individual job statement, and for expenditure above this level must seek specific authorisation from their supervisors.
 10. Except where *per diem* payments have been authorised, staff incurring authorised expenditure must wherever possible receive and retain receipts, invoices, vouchers, tickets, or other evidence of such expenditure.
 11. Staff incurring authorised expenditure must submit requests for reimbursement to the designated person (depending on the sum in question) on the standard form #, describing the nature and purpose of the expenses. The completed form must be signed by the applicant. \
 12. Reimbursement will be via EFT or cheque for amounts over \$50.00. Amounts under \$50.00 may be reimbursed via petty cash if receipts are provided and an expense claim form filled out.
 13. Except where *per diem* payments have been authorised, staff incurring authorised expenditure must present all relevant original receipts, invoices, vouchers, tickets, or other evidence of such expenditure when seeking reimbursement. Where such evidence is for any reason lacking statutory declarations may be sought.
 14. The designated person is responsible for determining if the expenses being claimed are reasonable given the circumstances, and for ensuring they are charged against the appropriate account, and that any requirements under the Fringe Benefits Tax legislation have been met.
 15. Claims that have not been properly prepared, authorized, or supported by adequate documentation will be returned to the claimant and the reasons will be given for not processing the claim.

RELATED DOCUMENTS

- Agreement template
- Personal use of vehicles and equipment policy

AUTHORISATION - Only those listed as authorized to sign cheques may approve reimbursement of expenses – see Policy **XXXXXX**

Signature of Manager **3KND** _____
 Name of Manager **3KND** _____
 Date _____

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Budget Planning Policy

PURPOSE

3KND will follow the highest standards of probity and transparency in its financial and operational procedures. To this end all Financial and Payroll transactions will be conducted in accordance with all applicable legislative and regulatory standards.

The Board of **3KND** is responsible for overseeing the budget of the organisation and for ensuring that the organisation operates within a responsible, sustainable financial framework.

In line with this responsibility, the Board of **3KND** conducts a budget planning process each year as part of its annual business planning.

This policy is designed to set out the process for compiling, monitoring, and reviewing **3KND**'s annual budget.

POLICY

The Board of **3KND** conducts a budget planning process each year as part of its annual business planning.

3KND receives most of its operating funds through government and non-government grants.

The organisation operates under 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.

RESPONSIBILITY

The Board of **3KND** has ultimate responsibility for overseeing the budget of the organisation and for ensuring that the organisation operates within a responsible, sustainable financial framework.

It is the responsibility of the Manager, Communications Manager and Management Committee to prepare all budgets and review budgets in consultation with relevant staff as requested.

The Management Committee consists of:

- The Board Chair.
- The Board Vice-Chair
- One other Director
- The Manager

PROCEDURES – Preparation of the Budget

1. In April each year, the Manager starts preparing the budget estimates as part of the Business Plan for the financial year. The process includes:
 - considering operational costs.
 - setting payroll costs; and
 - estimating income.
2. The initial budget estimates are based on the current expenditure projections to end of year plus Consumer Price Increments for salaries or relevant wage increases, revisions to awards/contracts, and a 10 per cent increase on operating expenses such as power, telephones, etc. Details of how cost increases will be absorbed or lead to increases in service charges (e.g., membership fees) will be provided.
3. The Manager will present the draft budget for discussion at a Management Committee meeting. The Management Committee may accept the estimates as presented or may request variations, within the context of the Business Plan. A detailed report denoting reasons for decisions should be attached to the draft budget for discussion.
4. The Manager will then revise the draft and present the amended draft budget at the next available Board meeting, usually in April but no later than end of May. Once adopted by the Board, this becomes the official operating budget for **3KND** for the following financial year, and all Board members and employees must work within the financial limits stated or implied by this document.

MONITORING AND REVIEWING THE BUDGET

1. The Manager is responsible for monitoring the organisation's expenditure, reviewing the actual and budgeted expenditures, and reporting on the progress of such expenditure.
2. Financial reports will be prepared each month showing the year-to-date expenditure and its variation from the budget estimates and indicating any increases or decreases in funding. A detailed commentary should be attached to Board reports detailing reasons for variations and recommendations for corrective action should that be required. The Manager will indicate what effect any variations will have on the budget projections and provide this information to the Board of Directors. The Manager will also report on any other financial matters that may be related to the Business Plan.
3. Once adopted by the Board, the Amended Budget will become the new operating budget for the remainder of that financial year.

RELATED DOCUMENTS

3KND Strategic and Business Plan

AUTHORISATION

Signature of Manager **3KND**

Name of Manager **3KND**

Date

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