



FINANCIAL POLICY

Purpose

The North Melbourne Language and Learning (NMLL) Financial Policies provide the basis for an effective financial system which:

- ensures financial accounting and reporting integrity and transparency
- promotes efficient management of financial resources and the delivery of organisational objectives
- provides appropriate and reliable financial information and accountability to management, members, funding bodies and other external entities.

Policies / required standards

General accounting	<p>Accounts are to be prepared in accordance with Australian Accounting Standards applicable to the entity. The organisation will comply with all requirements of the <i>Associations Incorporations Act 1981</i> (Vic).</p> <p>The accrual basis of accounting is to be applied (except for cash flow information).</p> <p>NMLL will at all time act consistently with the provisions of funding agreements and adhere with the accountability requirements of funding bodies.</p> <p>Financial transactions are to be accurately recorded within 14 days by account category and relevant area of responsibility (in accordance with the Chart of Accounts) and appropriate areas of operation held accountable.</p>
Financial planning and management	<p>Budgets are to be prepared annually, in advance of the commencement of the new financial year, and reviewed as required but no less than on a quarterly basis.</p> <p>Actual results are to be monitored against budget and variances reported on a monthly basis. Any major variations must be addressed and corrective action taken promptly.</p>

	Forecasted adjustments are to be made and disclosed to management as required.
Financial reports	<p>Financial reports must explain the financial performance and position of the organisation.</p> <p>Reports are to be prepared monthly for internal management purposes, with detailed Committee of Management reports prepared at least quarterly.</p> <p>Reports are to include a:</p> <ul style="list-style-type: none"> ○ Profit and loss statement for the period and year-to-date, including comparison against budget, and explanations of variance. ○ Balance sheet with details of all assets and liabilities / payment obligations, and equity including general and specific-purpose reserves, at period-end. ○ Cash flow analysis. <p>Financial issues or irregularities are to be readily disclosed and any remedial actions implemented promptly.</p>
Reserves	NMLL will maintain appropriate cash reserves (the target is 25% of annual operating costs), which ensure that all payment commitments and other planning requirements are provided for, and plan for appropriate accumulated funds to be available for general operational stability.
Banking and cash management	<p>NMLL will at all times apply a zero-risk approach in relation to the banking and investing of its funds.</p> <ul style="list-style-type: none"> ○ Bank accounts must be in the full registered name of NMLL, and all accounts and authorised signatories must be authorised by the Committee of Management. ○ Liquidity of funds is a priority. ○ Investment of funds and selection of banking institutions is to be based on financial, community-based and ethical considerations. ○ Cash is to be monitored with reference to operating requirements and strategic cash objectives.
Signatories	All payments and banking withdrawals require the authorisation of two signatories (one committee and one staff member).

Cash handling	<p>Cash held is to be safely secured and protected. Cash received should be deposited on a regular basis (at least weekly or as funds dictate). Cash on site should be restricted to minimal levels.</p> <p>Responsibility for cash handling is given to specific staff members; individuals handling cash are different from those maintaining the accounting records.</p>
Expenditure & purchasing	<p>All expenditure must be authorised and the authority to spend consistent with approved budgets and thresholds set for each role. Expenditure outside of approved levels requires pre-approval with reference to overall budget objectives, and approval by the Committee of Management if the expenditure represents a major variation to budget.</p> <p>Purchases are to be made economically with reference to value and consideration of comparative quotations.</p>
Payments	<p>Payments are in general to be made by EFT or cheque and to occur where practical after the relevant goods or services have been provided, in accordance with supplier terms.</p> <p>Minor and miscellaneous purchases, where payment is usually required upfront, may be made by petty cash, redicard or credit card in accordance with expenditure authorisations.</p>
Payroll	<p>All employees are to be paid correctly and on time, and all entitlements provided for at all times.</p>
Taxation	<p>Taxation requirements are to be complied with at all times, including in relation to Goods and Services Tax, Pay as You Go Withholding, Superannuation Guarantee and other federal and state taxation requirements.</p>
Assets	<p>All fixed (physical) assets are to be accounted for and recorded on the central Asset Register for fixed assets currently in operation.</p> <p>Assets are to be maintained and depreciated in accordance with effective life estimations. Disposal and replacement of assets are to be in line with effective life cycles and capital planning requirements.</p>

Insurance	Appropriate levels of insurance are to be held for all relevant areas, including but not limited to property, public liability, personal accident and Workcover insurance. All terms and conditions of the insurance policies must be adhered to at all times and measures in place to ensure that risk is minimised.
Record keeping	<p>All relevant records and documents are to be appropriately retained.</p> <p>Computer-based systems and manual counterparts should provide a complete audit trail and the information required to recreate financial information and minimise disruption in the event of systems being unavailable.</p> <p>Soft-copy records must be regularly backed up and maintained and hard-copy records stored and archived as appropriate for instant reproduction if required.</p> <p>Financial records are to be retained for periods in accordance with regulations and organisational requirements.</p>
Fraud and corruption	Measures are to be in place at all times to promote integrity and transparency in all operations, and minimise and protect against the risk of fraudulent, corrupt or irregular behaviour.

CHANGE HISTORY of POLICY	
Previously known as	Initial approval of policy 25 November 2010
Date last reviewed: 25 November 2010	This version approved at Committee of Management Meeting date: 23rd October 2013
Policy review due: June 2016	