



Financial Management Policy

The financial management of Community College – Northern Inland Inc will be accurate and have systems and procedures in place for the protection of and full accountability for Government and community funds.

The systems will comply with the requirements of the Incorporations Act and accountability requirements of Government funding contracts and other controls, safeguards and requirements of the Management Committee.

The system will be rigorous enough to ensure fraud and misappropriation does not occur whilst being administratively simple and understandable to all stakeholders in the organisation. The system will ensure the protection of the College Organisation, its members and staff from accusation of fraud and/or misappropriation

The Treasurer has the responsibility to oversight the finances and report to the Management Committee on performance.

The Executive Officer has the responsibility and authority of ensuring that the RTO complies with all financial requirements of the AQTF and the organisation agrees to make available to the National VET Regulator and/or any other funding body, on request, all reports of financial audits.

The organisations' accounts are audited and certified annually by a qualified accountant who is a member of the Certified Practicing Accountants Australia, Institute of Chartered Accountants of Australia or the National Institute of Accountants.

Proper books of account, in a computerised format, shall be properly maintained and conform to any recommendations of the Auditor, to Australian Accounting Standards and in accordance with directions of any funding body.

All expenditure of Association funds must have a direct relationship to the administration and management of the Association, the establishment of community learning needs, the provision of Community College courses and publicity and/or promotion of the College Organisation's activities.

Financial Accounting Methods

Accounting methods used will be on a cash accounting basis whereby income is recorded when it is received and expenditure is recorded when it is paid.

The Auditor, external to the Association, may make accrual adjustments as part of the annual audit report to the members



Audit Procedure

Internal

Routine monitoring of all documentation and systems will be carried out by the Accounts Clerk, Executive Officer and Treasurer to ensure the system is not breached and all staff are adhering to the correct procedures.

If deficiencies are found within the system a revised procedure should be developed by the Accounts Clerk and Executive Officer immediately and introduced on a trial basis with both people responsible to monitor the new system for efficiency. After a trial period the new system is to be formally adopted by the Management Committee.

External

All income and expenditure of the Association will be subject to an independent external audit annually.

The external audit will be carried out each year at the end of the Association's financial year by a qualified and practicing accountant. The audit will be carried out in accordance with Australian Auditing Standards on a test basis to provide a reasonable assurance to the members that the report is free of material misstatement.

Acquittal of funds of Government funded programs will be in accordance with Acquittal of Funds Guidelines supplied by the Department who issued the funds. This may require an external audit, based on the contract conditions, and will be completed by the Auditor in a timely manner and outside of the annual audit cycle

Acquittal for funds will include the reporting of program activity through the Associations Annual Report, a special audit report, provision of statistics in accordance with the AVETMISS standard and any other funding body requirements.

The Association's Auditor will be appointed at each Annual General Meeting by the members.

Documentation to be provided to the Auditor include;

- full register report/ cash book/journal
- profit and loss statement
- income and expenditure report for each grant if required by the funding body
- balance sheet
- (report of cheques for each category if requested)
- all receipt books
- all bank deposit books
- all paid accounts and payment vouchers
- all cheque book stubs



- all bank statements for each account in the Association's name
- Records of wages paid
- records of payments to the Taxation Department
- records of ATO Payment summaries
- records of superannuation payments
- Payment of workers compensation premium
- Assets Register

On completion of the audited financial report copies to be sent to;

- all management committee members
- ACE Unit NSW Department Education and Communities together with a letter of Certification for funding acquittal
- Department of Fair Trading with Annual Statement

Authorisations and Delegations

Signing Authorities

All cheques and payment authorisations require two signatures. The Executive Officer and 4 Management Committee members to be signatories to all bank accounts with any two to sign.

Payment of Staff

All staff shall maintain an appropriate record of attendance. The Executive Officer shall authorise payment of staff in accordance with the Employee Collective Agreement or in accordance with agreed Contracts.

A record of tax deducted shall be maintained. Payments to the Australian Taxation Office shall be made at the required time, usually 21st of each month.

Superannuation should be deducted where this is required and remitted to the Superannuation Fund of the employees choice by the 14th of the following month via the Super Clearing House

Payments to staff are prepared and uploaded by the accounts clerk and authorised electronically by 2 delegated signatories who do not prepare the payments. Confirmation of all payments to staff are sent electronically unless otherwise requested. Where practicable, staff should not authorise or sign cheques payable to them personally



Delegations

The Management Committee will give clear expenditure delegations to the Executive Officer. This delegation will include the type of expenditure allowed within the delegation and maximum value usually aligned to the annual budget.

The delegation will be agreed by the Management Committee and recorded in the Association's Minutes. Any expenditure outside the delegation must have prior approval from the Management Committee.

Management Committee approval of the annual operational budget, including any approved adjustments to budget, will be sufficient delegation to allow the EO to operate.

All capital expenditure, over \$500, must have prior Management Committee approval and be recorded in the Association's Minutes. Capital items over the value of \$5000.00 must have 2 quotes prior to Management Committee approval of expenditure.

Financial/Bank Accounts

- An operating cheque account will be held at the National Australia Bank to enable the Association's general income and expenditure activity. All income received and all moneys paid shall be processed through this account
- The Management Committee may authorise an account at a Credit Union or some other institution, generally attracting a higher interest rate, for money which is surplus to short term need on terms and conditions approved by the Committee.
- The Management Committee may authorise an account to be held at a Credit Union or some other institution, for financial provisions such as long service leave, capital equipment and/or depreciation provisions
- Online facility access to NAB accounts for all signatories and accounts clerk with a unique identifier token issued to each signatory

Financial Budgets

- A budget/s will be developed showing projected income and expenditure for the annual financial cycle (normally calendar year) in all areas of the Association's activities.
- The budget will be detailed enough to show income and expenditure for government grants, course fees and any other income.
- The budget will be linked to and reflect the intended outcomes of the annual management plan.
- The budget/s will be submitted to the Management Committee for approval prior to the beginning of a new financial year or as soon as possible after the commencement



- of a new financial year
- Monitoring of income and expenditure to budget comparisons will be routine with minimum of half yearly reporting of these comparisons to the Management Committee.

Responsibility for setting course fees is delegated to the Executive Officer.

Cash Handling and Receipts

Systems will be in place to ensure an accurate audit trail can be followed and to minimise opportunities and/or accusations of fraud and misappropriation. This will apply to the handling of cash received, receipted and banked from all sources, including student enrolment fees, and ensure the Association is accurate in the reporting of education activities to funding bodies.

- All income will be immediately receipted and banked as soon as practicable without deduction
- A 4 part receipt book will be used to record all income. The 4 parts comprise;
 1. original to the student or person who has made a payment to CC-NI
 2. 1st copy will be matched to banking and correspond with the bank deposits
 3. 2nd copy will be matched to enrolments and sent to the Executive Officer bundled with the appropriate enrolment forms and rolls for each course
 4. 3rd copy remains in the receipt book and when the book is completed, or at the end of the calendar year, it is to be returned to the Executive Officer to allow for source documentation to be checked by the auditor.
- A minimum of monthly checks will be made by the Accounts Clerk to reconcile the 1st copy of the receipts with bank deposits as part of the reconciliation to the bank statements.
- Routine checks will be made by the Executive Officer to reconcile enrolment forms, class rolls and the 2nd copy of the receipts
- All outgoing transactions will be by direct debit, Bpay or cheque
- Supporting documentation is required for all expenditure
- All receipts and expenditure documentation is to be filed in numerical and date order for the annual audit and retained for 10 years.
- A minimum month reconciliation of bank statements to cash book/cash journal is required.
- Normal accounting practices, on a cash accounting basis, will be followed using the Reckon Accounts Home and Business and Reckon Accounts Plus programs.
- The chart of accounts headings will be explicit to allow separation of different types of expenditure.
- All cheques and payment authorisations require 2 signatures.



Financial Fraud and/or Misappropriation

In the event that a suspicion or accusation of fraud or misappropriation is made against a member of staff or member of the Management Committee the following process should occur;

- 1 Investigate the matter thoroughly and gather the evidence. If the suspicion is confirmed,
- 2 arrange a meeting with the staff member as soon as possible. It would be advisable also to have a Management Committee member or third party present. It would be advisable for a decision to have been made that, in the event the staff member confesses to the fraud and/or misappropriation, whether further action will involve dismissal and/or criminal charges or acceptance of resignation.
- 3 Have a written statement prepared, in the employees name, outlining the situation and acknowledging their part in the offence. The statement should give an indication of the value and/or extent of the fraud or misappropriation and be signed by those present at the meeting.
- 4 When the staff member arrives for the meeting briefly outline the issues and allegations and offer to arrange for them to have an independent person present.
- 5 When all parties are present commence the meeting by fully outlining the issues and allegations and substantiate these with the evidence. With the permission of all parties it may be decided to tape record the meeting. Alternately a precise written record should be made of the meeting.
- 6 Give the staff member the opportunity to explain his/her actions
- 7 If they confess to the accusation, request they sign the statement and proceed with further action as previously decided.

If the staff member denies the accusation call the Police and arrange for the person to be charged. Stand the staff member down immediately on full pay until such time as the Court has decided the matter.

Inform your insurance broker of the circumstances and the possibility of a claim against your policy.

If, in the initial investigation, proof is not absolute a full review of the procedures should occur immediately and changes made to ensure the situation cannot occur. The new procedures should be monitored closely to establish their efficacy.

Payment of Accounts

- Wherever possible all purchases made for the conduct of the Association's business will be on a monthly account system
- All accounts will be promptly paid



- The cheque number and date will be noted on the account/payment voucher and then filed in numerical order to enable the auditor to find the trail.
- Cash payments should be kept to a minimum, however it is recognised that sometimes this may be necessary. Reimbursement will be made against a claim with receipts attached
- All payments will be by direct deposit, Bpay or cheque (not cash)
- All authorisations and cheques to have 2 signatures
- The signatories should sight the source document/account to satisfy themselves the account is legitimate
- Payment of accounts by direct credit are filed in date/alphabetical order and listed as separate transactions in the electronic system for ease of allocation to cost centres and audit trail

Petty Cash

Petty cash transactions must be kept to a minimum. Wherever possible all expenditure should be on account or against an invoice.

All petty cash transactions must have supporting receipts. The petty cash will be reconciled regularly to ensure its accuracy and monitor its use. The petty cash reconciled report must be returned to Accounts at least monthly for checking, accounting and if necessary top up

Petty cash expenditure will be allocated back into the cash book/ cash journal in the appropriate categories/columns

Provision for Future Liabilities

An annual amount, appropriate to the future needs of the Association, will be budgeted and reported in a liabilities account for depreciation of equipment, long service leave provision for staff, and capital equipment and/or future investment provision.

Financial Reporting to Management

Financial reports will be sent to each of the Committee members at least 1 week prior to each Committee meeting. The report will be reconciled to the bank statement of the previous month

The reports will always include;

- A profit and loss statement for the year
- Balance Sheet showing unspent grant funds and provisions for future liabilities such as ATO and long service leave. The Balance Sheet should show the net assets of the Association after liabilities.



At least twice/year the report will include

- a comparison of actual expenditure to budget.
- a reconciliation of the operating bank account

Additional reports must be supplied on request such as

- a list of all payments/cheques drawn
- graphs showing net worth
- year to year comparisons of income and expenditure

A record shall be made in the Minutes to record that the information was or was not tabled or received.

Committee members will be given the opportunity to discuss/query the accounts. The meeting Minutes should show the acceptance of the financial reports by the Committee.