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Drafted by	Jane Mclvor	Approved by Board on	
Responsible person	Jane Mclvor	Scheduled review date	

FINANCIAL MANAGEMENT POLICIES AND PROCEDURES

INTRODUCTION

As a not-for-profit, non-government organisation, Big Yellow Umbrella needs to ensure that its finances are managed, documented, and authorised in a responsible manner.

PURPOSE

The purpose of this document is to provide guidance for the Big Yellow Umbrella Board and all staff involved with the management or operation of the finance systems of Big Yellow Umbrella to ensure compliance with the statutory and financial requirements of the Australian Accounting Standards, the Australian Tax Office, the NSW Office of Fair Trading, ASIC, funding bodies and the Big Yellow Umbrella Constitution.

POLICIES

This policy applies to the Board, the Strategic Finance Executive, the Chief Operations Manager, the Finance Officer and all staff of Big Yellow Umbrella.

Big Yellow Umbrella recognises the following:

- Organisational funds belong to Big Yellow Umbrella. They are not to be used for private purposes, including private grants or loans.
- Funds should be carefully used in an effective way and in accordance with the defining purpose of Big Yellow Umbrella.
- All Board Members and staff are responsible for the careful and honest use of funds.
- Funds granted to Big Yellow Umbrella for a specific purpose will be used for that purpose.

Financial management is an integral part of Big Yellow Umbrella's operation, and its application is reviewed, endorsed and documented on a monthly basis by the Board, the Strategic Finance Executive and the Finance Officer.

The Board has ultimate responsibility for the financial management of Big Yellow Umbrella, ensuring it operates within a responsible, sustainable financial framework.

The financial management framework includes:

- compiling, monitoring, and reviewing the budget
- generating and managing income
- managing expenditure
- security and reporting

ACCOUNTABILITY AND TRANSPARENCY

- All Board Members and staff of Big Yellow Umbrella have a collective responsibility for the financial health of the organisation.
- Big Yellow Umbrella is committed to being open, fair and transparent in its financial management.
- Big Yellow Umbrella staff will at all times undertake their duties in an ethical and impartial manner, act responsibly and exercise sound judgment.
- Big Yellow Umbrella staff, members, students, and volunteers associated with Big Yellow Umbrella will at all times avoid the creation of any conflicts of interest.
- All financial documents and reports should be available to all members of the Board and all staff members with financial duties.
- The Board Members must review and approve the Annual report and End of Year Financial Statement.
- The Annual Report and End of Year Financial Statement will be audited and made available publically through the Big Yellow Umbrella website.

RESPONSIBILITIES

The Chief Operations Manager and the Strategic Finance Executive are responsible for the implementation and monitoring of all aspects of this Financial Management Policies and Procedures.

Chairperson

In relation to Big Yellow Umbrella's financial management, the Chairperson will undertake to:

- ensure that Big Yellow Umbrella has written financial policies and procedures that have been adopted by the Board

- ensure that the Board and staff have a copy of this policy and procedures, have read them and understand them
- ensure the Financial Management Policies and Procedures is implemented effectively
- ensure the Board regularly reviews and approves financial reports and other aspects of financial management
- liaise with the Treasurer, Strategic Finance Executive and Board to ensure the annual financial reports are prepared
- act as a signatory when required and/or authoriser for financial transactions as one of any two signatories in combination with the Treasurer or the Strategic Finance Executive

Treasurer

In relation to Big Yellow Umbrella's financial management, the Treasurer will undertake to:

- ensure the financial management policy is implemented effectively
- liaise with the Chairperson on financial matters and bring any irregularities to his/her attention urgently
- ensure financial reports are prepared for the Board and check their accuracy
- present these reports to the Board and be able to answer questions on these reports
- act as a signatory when required and/or authoriser for financial transactions as any one of two signatories in combination with the Chairperson or the Strategic Finance Executive
- work with the Finance Officer to ensure the monthly Bank Reconciliation are checked against the Bank Statement

The Strategic Finance Executive

In relation to Big Yellow Umbrella's financial management, the Strategic Finance Executive will undertake to:

- liaise with the Chairperson and Treasurer on financial matters
- review and approve financial reports prior to Board meetings
- work with the Finance Officer to ensure the monthly bank reconciliation are checked against the bank statements
- as appropriate, carry out spot checks on procedures and financial documents
- act as a signatory when required and/or authoriser for financial transactions as any one of two signatories in combination with the Chairperson or the Treasurer

- work with the Finance Officer to ensure that finance reports are prepared for the bi-monthly Board meetings

The Chief Operations Manager

In relation to Big Yellow Umbrella's financial management, the Chief Operations Manager will undertake to:

- participate in the budget process
- monitor expenditure against budget on an ongoing basis
- approve expenditure as per the delegated authority

The Finance Officer

In relation to Big Yellow Umbrella's financial management, the Finance Officer will undertake to:

- administer Big Yellow Umbrella's financial management system (MYOB)
- be responsible for the day-to-day aspects of Big Yellow Umbrella's financial management, including:
 - ensuring all income is banked by the last day of the month
 - making payments on or before the due date
 - ensuring all appropriate documents are attached to purchase orders, reimbursement forms and/or other financial vouchers, and filed appropriately
 - taking responsibility for the cash box and petty cash recording
 - ensuring financial data is recorded in the electronic financial management system (MYOB)
 - ensure budgets and reports are recorded and produced through Calxa
 - backing up financial electronic files
 - ensuring pays are processed on a fortnightly basis
 - perform the monthly reconciliations
 - manage all other financial matters including GST and superannuation
- prepare the bi-monthly finance reports for the Board meetings

Board Members

In relation to Big Yellow Umbrella's financial management, all Board Members will undertake to:

- attend bi-monthly meeting(s) regularly
- read and understand Big Yellow Umbrella's Financial Management Policies and Procedures
- read and understand the financial reports
- read, understand and approve annual forecast budgets
- approve the Big Yellow Umbrella annual report
- read, question and, if appropriate, approve financial transactions tabled to the Board reports for approval in line with this Financial Management Policy

PROCEDURES

The following procedures apply:

Budget

- The Board is responsible for approving and overseeing the budget in collaboration with the Chief Operations Manager and the Strategic Finance Executive.
- A subcommittee of the Board conducts an annual budget planning process. The Strategic Finance Executive, the Treasurer and the Finance Officer are to be involved in this process.
- The budget is monitored at least bi-monthly by reviewing actual expenditure against projected financial performance.

Bank Account

- Big Yellow Umbrella will hold *at least two* named bank accounts.
- The bank accounts will be a daily operating account and a Funds Reserved account.
- The Funds Reserved account will be used to process money received from grants.
- All income and expenditure must go through the Big Yellow Umbrella named bank accounts.
- The signatories to the Big Yellow Umbrella bank accounts are any two of the Chairperson, Treasurer or Strategic Finance Executive.

Balance Sheet Reconciliations

- The Finance Officer performs monthly balance sheet reconciliations, and an individual reconciliation of each balance sheet account.
- Balance sheet reconciliations are made available to the Auditor and Treasurer on request.
- The balance sheet reconciliation is reported in the monthly financial reporting to the Board.

Income

- The Board, together with the Strategic Finance Executive, is responsible for ensuring income is generated to meet the expenditure requirements of the annual operating budget.
- Income represents funds from funding partners, program income including grants from donors and interest received from bank deposits and or investments.
- Grants, cash donations and interest received from bank deposits and investments are recognised as income in the period in which they are received.
- All income is receipted.
- As an approved receiver of tax-deductible donations, Big Yellow Umbrella will issue tax-deductible receipts for donations.
- All income is banked into a named Big Yellow Umbrella bank account.
- No unbanked income is used for petty cash.
- Ideally, income is to be banked daily, otherwise it must be banked weekly.
- All income, no matter how small, is always banked by the end of the month.
- The Board ensures fundraising activities comply with both the Charitable Fundraising Act 1991 and the Lotteries and Art Unions Act 1901.

Refunds

Program Payments:

- Payments must be made in advance of attending Big Yellow Umbrella activities that involve a cost
- Participants must be a current member of Big Yellow Umbrella to receive any member discounts
- Non-members attending with a member do not receive member discounts
- Participants must agree to any Terms and Conditions related to the activity
- If Big Yellow Umbrella is forced to cancel any service or activity through circumstances beyond the participants control, a full or partial refund would be provided
- Refunds will not be provided if adequate notice of non-attendance is not provided by the participants

Other refunds

- Refunds for other costs will only be considered in consultation with the Chief Operations Manager or the Strategic Finance Executive. As a not for profit, dependent mainly on income from grants and donations, refunds are up to the discretion of the Board and / or management for reasons such as incorrectly entered amounts or genuine user error.
- To request a refund of this nature, the person must write an email outlining all relevant details of the transaction and email the Strategic Finance Executive at jane.mcivor@yellowumbrella.org.au . If necessary, this email will be presented to Big Yellow Umbrella's Board for further discussion and approval.

Expenditure

- Expenditure represents expenses incurred directly for Big Yellow Umbrella's activities.
- These are recognised when payments are made (i.e., when transactions or cash is disbursed or paid).
- Every expenditure transaction must be lodged in Big Yellow Umbrella's financial management system (MYOB).
- Every expenditure transaction must be supported by a receipt.
- All purchases of goods and services over \$300 must be supported by three quotes.
- All approved payments of goods and services above \$300 must be supported by a supplier invoice and a receipt.
- Non budgeted purchases over \$5000 of goods and services must be approved by the Board.

Supplier Invoices

- Supplier invoices must be paid in accordance with the Delegation Policies and Procedures, which provides the power of Big Yellow Umbrella's officers and staff to authorise expenditure within stated budget limits.
- Only officers and staff members of Big Yellow Umbrella can engage suppliers in the provision of goods and services.

- Students and volunteers who participate in Big Yellow Umbrella activities do not have the power to engage suppliers nor to authorise payment of supplier invoices on behalf of Big Yellow Umbrella.
- It is the responsibility of the staff member or officer who has requested the supply of goods or services to ensure it conforms to their specified purchase requirements.
- The signature and identity of the authoriser must be clearly stated on the supplier invoice.
- Processing of the supplier invoices must be recorded in the Big Yellow Umbrella financial management system (MYOB).
- Consideration may be remitted to a supplier in the form of money order, electronic funds transfer (EFT), cash (including from petty cash, if within limit), bank draft, direct debit or global payment.
- Tax invoices are required from all suppliers unless the supply is a GST-free supply.
- A supply is GST-free if it is deemed to be GST-free by Division 38 of the GST Act or under the provisions of another Act.
- It is important to note that it is the supply and not the supplier that is GST-free.
- Some general examples of GST-free supply include Federal and State taxes/levies, education courses, international airfares, and water.

Petty Cash

- Small payments under \$100 may be paid using the Office petty cash, at the discretion of the Chief Operations Manager or Strategic Finance Executive.
- Petty cash may be used either to reimburse an expense or as an advance.
- Paper petty cash vouchers must be issued and filed alongside the necessary invoice or receipt. A petty cash form is to be completed and signed when funds are taken and when returned.
- A petty cash ledger must be maintained on Big Yellow Umbrella's financial management system (MYOB).
- The office petty cash float must not be more than \$250.
- The petty cash ledger shall be audited annually.

Debit Cards

- Authorised Debit Card holders must seek approval in advance from the Chief Operations Manager or the Strategic Finance Executive to incur expenditure on the Debit Cards.
- Authorised staff members may hold a Debit Card with a daily limit of \$100 (\$1,000 total for all cards combined). Management cards are unlimited.

Credit Cards

- Big Yellow Umbrella maintains two business credit cards to expedite the purchase of training, publications, and other incidental expenditure.
- Big Yellow Umbrella credit cards are held by the Chairperson and Finance Officer.
- Each Credit Card has a limit of \$500.
- Staff must seek approval in advance to incur expenditure on the credit cards.
- Staff must supply appropriate documentation denoting that the expenditure has occurred on the holder's credit card for monthly reconciliation.
- Credit card accounts are reconciled on a monthly basis by the Finance Officer, confirmed by the card holder and authorised by the Board.
- Credit card transactions are detailed in MYOB and reported to the Board.

EFTPOS

- Big Yellow Umbrella is the custodian of an EFTPOS facility which is used to process payments for activities on behalf of members, clients, and the general public.
- The EFTPOS facility is held through the Westpac Bank.
- EFTPOS is balanced weekly by the Finance Officer.
- There are no minimum or maximum limits for EFTPOS transactions.
- Big Yellow Umbrella does not provide a cash out service.
- Merchant fees are charged and recouped at the following rates:
 - Visa 0.15%
 - Mastercard 0.15%
 - Debit Card purchases 0.43%

- The Strategic Finance Executive and the Finance Officer are the custodians of EFTPOS facility codes.

Payroll

- Staff payroll is run on a fortnightly basis.
- Leave liabilities, superannuation and PAYG Withholding Tax are paid or provisioned in accordance with legislation, staff member contracts and the Staff Leave Policies and Procedures.
- Staff is required to complete a Leave Application Form for all absences.
- Leave is to be approved in advance by the Chief Operations Manager and the Strategic Finance Executive (for the Finance Officer only).
- A record of staff attendance and absences, in order to correctly calculate staff pays, is coordinated, and maintained by the Finance Officer.
- On the completion or termination of employment the Finance Officer will perform a reconciliation of remuneration considering staff member entitlements including leave paid in advance and salary sacrifice.
- PAYG Payment summaries are issued in compliance with Australian Taxation Office legislation.
- Separate Payroll records are to be kept for all salaries and wages.

Salary Packaging

- Big Yellow Umbrella supports staff members to have a portion of their gross wages paid as a salary sacrifice under Big Yellow Umbrella's Fringe Benefit Tax Exemption.
- Big Yellow Umbrella may alter or discontinue the arrangement at any time, particularly if there is a change in relevant legislation that adversely impacts on Big Yellow Umbrella.
- The Staff Packaging Policies and Procedures provide further information.

Staff / Volunteer / Board Reimbursement

- Big Yellow Umbrella provides timely reimbursement of staff, students, volunteer and Board expenses and ensures these transactions are duly documented and authorised,

using a system which captures details of staff expenditure and associated authorisation.

- All reasonable out of pocket expenses incurred by staff, students, volunteers and Board while performing business will be reimbursed by Big Yellow Umbrella.
- Out of pocket expenses include but are not limited to parking, taxis, accommodation and meals, meeting/entertainment expense, incidental office consumables and incidental travel costs.
- Staff are responsible for payment of items that are a requirement of the job such as Working with Children's Check and Police Checks
- Reimbursement for training is as follows:
 - Approved training for permanent staff will be covered by BYU as long as it benefits the organisation
 - Casual staff attending mandatory approved training will be reimbursed only if they have been with the organisation 6 months or more. Any exceptions must be approved by management.
 - Reimbursement for non-mandatory training will only be paid for by BYU if it has first been approved by management. This includes both casual and permanent staff.
- Where these out-of-pocket expenses are less than \$50 a staff, volunteer or Board member may seek to have these monies reimbursed from petty cash.
- Unbudgeted expenditure is subject to the approval in principle of the Chief Operations Manager or the Strategic Finance Executive.
- Reimbursement for the use of a private vehicle for business will be reimbursed at the rate stated in the SCHCADS Award.
- All reimbursement claims must be supported with appropriate documentation, e.g., a receipt or paid invoice.

Insurance

- Comprehensive, sufficient, and appropriate insurance policies are maintained to meet statutory and funding body requirements, and for the protection of office holders, staff, visitors and assets.

- Where a venue is hired for the purpose of conducting a conference or other form of meeting, staff must ensure the venue provides public liability insurance for attendees of the meeting.
- Insurance policies are reviewed annually to ensure adequate cover and minimise insurance expense.
- Insurances are adjusted and additional insurance sought if required due to substantial purchases or ventures.
- Big Yellow Umbrella ensures insurance policies are current, sufficient and that adequate documentation is maintained and supplied to insurers/brokers.
- A commercial insurance policy is maintained incorporating public liability, property, fire, and theft, with the value of assets insured adjusted annually based on the asset register.

Fixed Assets

Fixed assets are defined as tangible assets, which have been acquired either through purchase or donation with the intention of being used on a continuing basis for a period exceeding one year.

- All assets whose price exceeds \$300 should be included in Big Yellow Umbrella's asset register.
- Assets under this value should be monitored but do not require inclusion in the asset register.
- The asset register includes, but is not limited to, motor vehicles, office equipment, office furniture and fittings and computer equipment.
- Assets should be recorded at cost of purchase price or market value for donated assets.

Risk Management

- Big Yellow Umbrella has systems in place to protect finances and ensure financial reporting is accurate.
- Big Yellow Umbrella provides professional development to Board members and staff in financial management practice, including fraud awareness, prevention, detection and investigation.

- Big Yellow Umbrella undertakes regular reviews of financial systems and engages in independent audits.

Audit

- To satisfy the financial reporting requirements of the Australian Charities and Not for Profits Commission Act 2012, Funders, Big Yellow Umbrella's Constitution and Australian Accounting Standards as they apply to a non-reporting entity, Big Yellow Umbrella employs an accredited independent auditor to prepare Special Purpose Financial Statements.
- The appointment of an auditor is recommended by the Board Treasurer and ratified by the membership at the annual general meeting.
- The Treasurer is responsible for overseeing the audit process.
- The Chairperson and Treasurer provide a duly authorised Bank Audit Request and Management Representation Letter to the auditor.
- The Treasurer recommends the approval of the audited financial report for ratification by the Board.
- The Chairperson and Treasurer authorise the audited financial report on behalf of the Board.
- The audited financial report is presented to the membership as part of the Annual Report for ratification at the annual general meeting.

Financial Disputes

- Big Yellow Umbrella welcomes information and feedback from its consumers and stakeholders to improve the quality of its products and services, including the way in which it conducts financial transactions.
- Big Yellow Umbrella considers the complainant's right to privacy and will handle complaints in a fair, equitable and timely manner.
- All disputes arising from the way in which Big Yellow Umbrella conducts financial transactions will be handled using the Complaints Management Policies and Procedures.

Misuse of Funds

Big Yellow Umbrella is committed to transparent and honest use of all funds.

Big Yellow Umbrella will:

- Use its best endeavors to ensure that funds provided under agreements with funding parties do not provide direct or indirect support or resources to organisations and individuals associated with terrorism.
- If any link whatsoever with any organisation or individual associated with terrorism is discovered, Big Yellow Umbrella will inform the appropriate authorities immediately.
- Any suspected misuse or misappropriation of funds, whether for suspicion of terrorist involvement or other misuse, must be investigated by the Chairperson and Treasurer.
- At the conclusion of any investigation, the Chairperson and Treasurer may take appropriate action.
- For minor issues, this may be kept to internal disciplinary action.
- The Chairperson will inform the Board of any serious offences and the action taken.
- For serious offences, the matter must be referred to funding partner (if appropriate), the Australian police, international police and/or DFAT, where appropriate.
- Offences involving staff, students or volunteers will be handled in terms of the Fraud Management Policies and Procedures and the Performance Management Policies and Procedures.

Additional Requirements

- This policy and procedures do not replace any existing and/or additional requirements from funding agencies relating to financial management, including financial reporting.
- This policy and procedures do not replace any existing and/or additional requirements relating to financial management set out in Memoranda of Understanding and other contracts to which Big Yellow Umbrella is a party.

RELATED DOCUMENTS

- Asset Register Policies and Procedures
- Code of Conduct Policies and Procedures
- Performance Management Policies and Procedures

- Complaints Management Policies and Procedures
- Confidentiality Policies and Procedures
- Privacy Policies and Procedures
- Delegation Policies and Procedures
- Fraud Management Policies and Procedures
- Risk Management Policies and Procedures
- Salary Packaging Policies and Procedures
- Travel Reimbursement Policies and Procedures
- Big Yellow Umbrella's Constitution
- Big Yellow Umbrella's Annual Budget
- Australian Accounting Standards
- GST Act
- Australian Taxation Act
- NSW Office of Fair-Trading Website
- ASIC Website
- Charitable Fundraising Act 1991
- Lotteries and Art Unions Act 1901.

AUTHORISATION

Signature of Management Committee Secretary: _____

Date of approval by the Management Committee: _____

On behalf of the Big Yellow Umbrella