

# **U3A DEEPDENE**

## **FINANCIAL MANAGEMENT POLICY**

ADOPTED BY COMMITTEE ON 29 JANUARY 2019

### **1. Purpose**

To establish U3A Deepdene's policies, key principles and procedures relating to the financial management of the association in accordance with the Deepdene U3A Constitution.

The Committee of Management (Committee) is ultimately responsible for the financial affairs of the organisation. It has a fiduciary responsibility to the members to ensure members' funds are managed in a prudent and sound manner, and to providers of grant money, that money has been properly expended for the purpose of the grant. Members expect the Committee to implement appropriate financial management policies and procedures.

### **2 Principles**

- Consistency: U3A Deepdene's financial management policies and systems should remain relatively consistent over time.
- Accountability: The Committee is accountable to members and providers of grants for the financial management of U3A Deepdene. It must be able to explain and demonstrate how financial resources have been used and what was achieved.
- Integrity: Members who are involved in the management of financial resources must operate with honesty and propriety.
- Financial stewardship: The Committee must ensure financial resources are properly managed and are used for the purpose intended.
- Accounting standards: U3A Deepdene's system for keeping financial records and documentation must follow accepted external accounting standards.

### **3 Managing money**

#### **3.1 How money is received**

Money may be received by:

- Credit or debit card payments (using a mobile card reading terminal);
- Online payments by Paypal (linked to the MyU3A class and membership record system);
- Cheques;
- On-line payments;
- Cash.

Card payments, Paypal and cheques are the preferred means of receiving funds from members for membership and class fees.

A receipt is to be written and issued for any payment through the office for any amount received in cash, other than for donations of \$5.00 or less. Such small donations are to be placed in a locked container provided for this purpose.

### **3.2 Banking**

U3A will maintain a bank account or accounts at an Australian bank. At no time should any account go into overdraft.

Funds not immediately required should be deposited into an interest bearing account or term deposits. The maturities of deposit accounts will be selected so that foreseeable future expenditures can be met.

A Paypal account may be used to receive on-line payments for membership and class fees. Funds received through Paypal are to be accounted for, and transferred to a bank account. A Paypal account is not to be used for making purchases.

A merchant account with an Australian bank may be used for receiving payments by credit and debit cards. Funds received in the merchant account are to be transferred automatically by bank processes to a bank account.

Other than the Petty Cash Float, all cash and cheques must be deposited in a U3A Deepdene bank account as soon as practicable and accounted for properly.

### **3.3 Petty Cash Float**

With the approval of the Committee, the Treasurer may maintain a cash float of up to \$200 provided that all money paid from or paid into the cash float is accurately recorded at the time of the transaction and transactions included in the accounts.

Petty cash will be kept on U3A premises under the control of the duty volunteer. Any deposit to or withdrawal from petty cash must be recorded in a petty cash book.

### **3.4 Donations box**

Small donations for services such as provision of program copies or visitors attending an event may be made in cash into a donations box, without a receipt being issued. The donations box is to be locked, with keys kept by the Treasurer and President.

## **4 Financial Management and Procurement**

This section sets out the processes for procurement of and payment for goods or services.

- financial Management and procurement processes;
- the key activities that are undertaken at each stage;
- the relevant policy or procedures that apply in each stage; and
- other policies or procedures that the Committee has approved or stated in other documents.

The financial management and procurement process is as follows.

### **4.1 Pre-commitment for expenditure**

Unless expenditure is of a class (set out below) as not requiring pre-commitment approval, pre-commitment approvals must be obtained from the Committee or relevant Financial Delegate/Committee before commitments are made to spend money.

When procuring items, the expenditure is not to be broken down into separate component parts such that each part is below the Financial Delegation Limit that requires the approval of the next higher level of financial delegation.

For equipment that requires peripheral items in order to make the equipment function properly, the cost of peripheral items must be included in the total cost of the equipment so that approval is sought for the procurement of a complete functioning unit.

#### **4.2 Program Activity Expenditure**

Pre-commitment approval is required for program courses which involve U3A Deepdene paying for the costs first and then seeking to recoup the costs from participating members. The budget may include an amount to cover pre-payments for visits, outings, theatre and the like. The un-recouped expenditure outstanding at any time will be limited to that approved in the budget or as specifically approved by Committee.

Pre-commitment approval is required for courses with significant delivery costs, such as activity classes led by professional trainers. Separate approval is not required for paying trainers' fees to deliver a program course.

A regular report must be provided to the Committee to inform the Committee whether the course is running at break-even, profit or loss.

In the event that the costs cannot be fully recouped from participating members due to insufficient number of participants, the Committee will consider whether such courses are viable to maintain in future.

In relation to theatre tickets which are unsold, there will be no discounting of ticket prices in order to sell the unsold tickets.

#### **4.3 Matters for which pre-commitment expenditure is not required.**

Pre-commitment is not required for payments for:

- Rent and lease payments to landlords;
- Cleaning and other maintenance;
- Utility charges such as phone, internet services, electricity;
- Postage for mailouts;
- Grant related expenditures - Grant monies have to be spent in accordance with the grant approved by the grant provider. Hence, the Committee cannot override how the grant monies are to be spent.

#### **4.4 Variation to Approved Amount**

In the event that the actual cost will exceed the approved amount, the expenditure can still proceed if the variation from the approved amount not more than 10% of the approved amount, to a maximum variation of \$400.00.

#### **4.5 Payment procedures**

Claims for reimbursements of approved expenditures, or requests to pay a supplier's invoice, must be made using the Payment Claim Form, with relevant tax invoices attached. A person making a claim may alternatively do so by means of an e-mail setting out the information required by the form.

If in unusual circumstances a tax invoice is not available in support of a claim, payment authorisers may make a payment if the person making the claim or requesting that a payment be made completes the declaration on the Payment Claim Form.

The preferred method of making a payment is by bank transfer (including B-pay). Payments may also be made by cheque, or from the petty cash float.

## **5 Financial Delegations**

The President and the Treasurer are financial delegates with authority to approve pre-commitment expenditures and expense reimbursements up to the Financial Delegation Limit as set out in the Schedule. The financial delegation limit of the president and treasurer cannot be aggregated.

If the President is on extended leave of absence or unable to carry on the role of the President, the Vice-President will be an authorised financial delegate with the financial delegation limit of the President

If the Treasurer is on extended leave of absence or unable to carry on the role of the Treasurer, the Acting Treasurer will be an authorised financial delegate with the financial delegation limit of the Treasurer.

Unless the Committee decides otherwise, the Vice President will be Acting Treasurer.

In the case of an emergency in which there is a need to incur expenses in relation to the emergency and the cost is above the Financial Delegation Limit of the President, and it is not possible to obtain approval from all Committee members in a timely manner, the approval of at least two Committee members other than authorised financial delegates should be received before incurring the expenditure. The expenditure will be reported to the Committee at the next Committee meeting

## **6 Payment Authorisation**

Payment authorisation includes authorising payment by bank transfer, by cheque, or from the petty cash float.

A payment authoriser is a member authorised by the Committee to sign cheques or approve electronic funds transfers or cash payments.

All payments must be authorised by two payment authorisers. This includes payments made from the petty cash float. Limited exceptions to this requirement are set out below.

Authorisers must be provided with the properly completed and signed Payment Claim Form and relevant supporting documents eg, receipts, invoice, etc., or an invoice for direct payment to a provider.

Authorisers should satisfy themselves that the payment is appropriate and that the details of the payment match the details on the Payment Claim Form and any invoice.

Where there are multiple invoices or reimbursement claims that are aggregated to form a single payment, the authorisers should check the amount of the payment is equal to the amounts claimed or shown on the invoices.

Payment authorisers must not sign blank cheques.

Payment authorisers must not authorise payments to themselves or to parties related to themselves eg spouses, children, parents, siblings, companies in which they are a major shareholder etc.

A list of all payments made each month, specifying the recipient, amount and purpose must be provided by the Treasurer to the Committee for noting.

Where a payment to a single recipient is for multiple items and the items are significant, the report must identify the individual elements of the payment.

Limited exception to requirement for payments to be authorised by two payment authorisers are:

- Payment of not more than \$20 from the petty cash float may be authorised by one payment authoriser, or by the office manager. The normal requirement for a Payment Claim Form and supporting documents applies to payments authorised under this provision.
- Refund of mistaken payments through the Paypal account may be made by a person managing the Paypal account as a Treasury Assistant.
- Transfer of money from Paypal to the U3A bank account may be made by a person managing the Paypal account as a Treasury Assistant.

## **7 Refunds**

It is the policy of U3A Deepdene not to give refunds for membership fees, and fees for classes and visits.

However, in the following circumstances a refund may be authorised and payments made in accordance with Clause 6.

- Where a payment is received but is clearly in error. For example, someone pays twice for the same event, or a payment is received by U3A Deepdene which should clearly have been credited to the account of another U3A. Evidence of the double payment or of the erroneous credit will be required before the refund can be authorised.
- If the course or event in respect of which the payment was made is cancelled in whole or in part by U3A Deepdene. In this case the authorisers will need to see evidence that the course or event was cancelled, and that participants have been advised. Once approved, payments will be made without the need for individual claims from members.
- Where, despite the foregoing, a claimant feels his or her circumstances warrant a refund. In this case the claimant must submit a claim form which will be considered, in the first instance, by the Treasurer. If necessary the Treasurer will bring the claim to the President for consideration.

A member may request that his or her refund be retained by U3A and applied to a future invoice.

## **8 Financial Statements**

The Treasurer is to provide regular reports to the Committee. Unless there are unusual circumstances or the Committee agrees to a different reporting schedule, there should be a report for each regular meeting of the Committee.

The report should cover the period from the end of that covered by the previous report, to the end of the month prior to the Committee meeting.

The report should include:

- A profit and loss statement (statement of income and expenditure) for the reporting period;
- A balance sheet for the end of the reporting period;
- An outline of any activity on grants; and
- A list of payments made during the reporting period.

At least twice a year, or at other times requested by the Committee, the Treasurer should present a report indicating the income and expenses incurred in delivering specific classes or groups of classes (such as paid physical activity classes, and visits and outings).

## **9 Budget**

A budget should be prepared and adopted by Committee before the beginning of the year covered by the budget.

The budget is an estimate of likely income and expenditure, and is not itself an authority to spend money. The Committee may in adopting the budget, specifically authorise expenditure on particular items in the budget.

## **10 Audit**

It is the policy of U3A Deepdene that the accounts should be audited annually by an appropriately qualified person who is not a member of U3A Deepdene, or related to the Treasurer.

The Auditor for the current year should be appointed at the Annual General Meeting. If no auditor is appointed at that meeting, or if the appointed auditor is unable to carry out the duties of auditor, the Committee may appoint another person or company to conduct the audit.

The Auditor of the Annual Financial Report is accountable to the Committee.

The Treasurer must not:

- move the appointment of the auditor at the Annual General Meeting; or
- at any committee meeting, vote on any matter relating to the audit (but may speak on issues raised in relation to the audit).

The Treasurer and Secretary must provide the auditor with reports and documents (including any electronic files) needed by the auditor to complete the audit.

The audit report should be made available to the Committee within seven days of being received from the Auditor.

The audited financial report is to be presented to the Committee for its approval for its submission to the Annual General Meeting. The report is to be presented to the Annual General Meeting.

The Committee may call for an audit of other aspects of the financial operations of U3A Deepdene to satisfy itself that policies and procedures are being followed.

## **SCHEDULE**

The following are payment authorisers:

The President

The Vice President

The Treasurer

The Secretary

The Office Manager, limited to payments of not more than \$20 from the petty cash float.

A Treasury Assistant managing the Paypal account may make payments from the Paypal account to correct an obvious mistake (such as to refund a duplicated payment) and to transfer money to the bank account.

The following are financial delegates with the authority to approve expenditure to the limit stated:

The President, limit of \$500

The Treasurer, limit of \$500