

Gran's Van Association Inc

Financial Management Policy

Introduction

The responsible management of a charity's financial affairs ensures the charity has the resources it needs to carry out its work and fulfil its charitable purpose.

Purpose

The purpose of this suite of policies is to ensure the sound financial management of all Gran's Van's activities in order to achieve the Association's mission and to remain accountable to stakeholders, including clients, partners, funding providers, donors, staff and the community.

In these policies, the term "staff" is intended to describe both employees and volunteers.

1. Fraud Prevention Policy

Definition:

Fraud occurs when someone acts in a dishonest way, so they receive a benefit or someone else experiences a loss.

People can commit fraud in a variety of ways, including by:

- theft of funds, goods or assets
- making false representations e.g. attempts to claim unauthorised expenses
- abusing their position or authority
- failing to disclose information
- using other forms of deception.

Types of fraud

- *Internal fraud* – committed by someone within or connected to a charity.
- *External fraud* – committed by someone with no connection to the charity.

This policy describes actions and responsibilities for preventing, identifying and responding to incidents of fraud.

Prevention of fraud

The following actions will be employed to prevent fraud:

- The use of robust financial controls and procedures as written policies and procedures provide accountability.
- Sound recruitment processes.
- Those people with financial responsibility are competent and understand their roles.

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- Communication to staff about fraud prevention measures will be provided at induction and on an ongoing basis. This shall include guidance on financial controls, and how to report suspicions to the Manager or Treasurer.
- Limiting the amount of cash staff handle, as large amounts can encourage theft and fraud.
- The Board, through the Treasurer, shall have continuous access to Gran's Van's bank statements and its accounts, books and records.
- No single person shall have the authority to carry through all processes (budgeting, authorisation, payment, approval) to do with any:
 - payment
 - approval of a supplier
 - approval of an agreement or contract with an external party
 - loan from Gran's Van's funds
 - contract of employment.

Identifying Fraud

On behalf of the Board, the Treasurer is responsible for:

- Reviewing bank account statements regularly to identify any discrepancies.
- Monitoring the Association's performance against its budget to identify any significant variation in spending or income.
- Maintaining a record of all grant applications and how the grant funds were acquitted.
- Ensuring no advances of funds to staff or Board Members are authorised. Direct and necessary expenses including travel for meetings and other activities related to carrying out responsibilities shall be reimbursed.

Responding to Fraud

Any detection, report or suspicion of fraud is to be actioned immediately.

The Treasurer is responsible for reporting concerns to:

- Police
- Relevant bank or other financial institution, and
- the Australian Charities and Not-for-profits Commission (ACNC) :

The ACNC Act requires charities to report breaches of the Act, Governance Standards or External Conduct Standards as soon as practicable, and no later than 28 days after the charity has knowledge of the breach.

- The report of an incident of fraud to the ACNC is made using Form 3C.

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- There is no minimum level that must be reported – the Board will determine whether the incident is significant enough to be reported. This determination will take into account the actual harm or potential risk to Gran's Van – including to those it works to help, its assets, its staff, members, donors, funding providers and the general public.
- Australian Competition and Consumer Commission via *SCAMwatch* for scams, such as a fake website in the name of Gran's Van.

2. Financial Controls Policy

To protect Gran's Van against financial misconduct it is necessary that all forms of financial transfers be secured through closely regulated approval processes.

Financial transactions carried out in the name of Gran's Van shall, as far as possible, be governed by the following principles:

- No payments shall be made in the name of Gran's Van unless such payment has been authorised by the Board.
- Payment authorisation can be made either through Board approval in the annual budget or by other avenues approved by the Board (such as through a written delegation of the board, see Authority and Delegations Policy).

Complete records of payment authorisation should be kept on file.

Any person who has an actual or potential conflict of interest in respect of any:

- payment
- approval of a supplier
- approval of an agreement or contract with an external party
- loan
- contract of employment,

must declare that conflict of interest to the Board and either comply with any Board direction or withdraw from involvement in the transaction.

All payments (except credit card and petty cash payments) shall require signatures (or equivalent validations) from two persons with properly delegated authority.

Cardholders and persons making a payment out of petty cash (Payor) must obtain a tax invoice or receipt for each transaction. If a tax receipt is lost or misplaced, the Payor must provide a written statement setting out the details of the transaction.

3. Authority and Delegations Policy

Authority

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While the Board is ultimately responsible for the financial management of all activities, the Treasurer is authorised to act on the Board's behalf on financial matters when action is required in advance of a meeting of the Board.

- The Manager is responsible for the day-to-day financial management of the organisation. The Board authorises the Manager to pay invoices, receive funds, and maintain bank accounts.
- The Treasurer is authorised to manage expenses within the parameters of the overall approved budget, reporting to the Board on variances and the reason for these variances.

The Board shall:

- Review financial reports at each board meeting.
- Have clear, written financial procedures (such as requiring two cheque signatories) and delegations that restrict approvals for transactions over a certain dollar amount.

The Treasurer shall:

- Report the financial results of Gran's Van operations to each meeting of the Board.
- Make no contractual commitment for bank loans, corporate credit cards, or for real estate leases or purchases without specific approval of the Board.
- Obtain competitive bids for items or services costing more than \$5,000 per unit.

Delegations

There are circumstances under which the Board may delegate its financial responsibilities.

Delegations of authority within Gran's Van are intended to achieve five objectives:

1. to ensure the efficiency and effectiveness of the organisation's administrative processes;
2. to provide formal authority to particular persons to commit the organisation and/or incur liabilities for Gran's Van.
3. to ensure that the appropriate officers have been provided with the level of authority necessary to discharge their responsibilities; and
4. to ensure that delegated authority is exercised by the most appropriate and best-informed individuals within the organisation; and
5. to ensure internal controls are effective.

Electronic Fund Transfer (EFTs)

Two persons are required to provide authorisation. The following persons are delegated authority to make payments using EFT:

- Manager
- Treasurer
- Chair
- Secretary

The delegated limits are:

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- Manager – up to \$5,000
- Treasurer – up to \$5,000
- Chair – up to \$5,000

4. Reimbursement Policy

Staff may occasionally be required to pay expenses consequent on their employment out of their own pockets. Under certain circumstances, as outlined in this policy, these expenses may be reimbursed by Gran's Van.

Gran's Van will reimburse its staff expenses incurred by them on behalf of Gran's Van or in the course of Gran's Van business so long as such expenses are:

- (1) Reasonable and
- (2) Authorised.

Reimbursement of reasonable but unauthorised expenses may be made on an *ex gratia* basis at the discretion of the Treasurer in exceptional circumstances only.

Staff incurring authorised expenditure must, wherever possible, receive, retain and produce receipts, invoices, vouchers, tickets or other evidence of such expenditure.

5. Use of the Business Credit Card Policy

An employee will only be issued a credit card with the approval of the Board.

The business credit card can only be used for purchases of small value expenses or equipment up to the value of \$ 1,000 (unless a higher amount has been authorised prior to a specific purchase).

No cash advances are to be taken using the business credit card.

Where a business credit card is lost or stolen, then the owner of this card is to notify the Treasurer who is responsible for notifying the issuing financial institution and ensuring the card is cancelled.

The business credit card is not to be used for personal expenses.

Business credit cards are to be returned to the Association when the person is requested to by the Treasurer or when they cease employment.

6. Protection of Assets Policy

In order to ensure that the assets of Gran's Van are adequately protected and maintained, the Board shall:

- Make certain that there are appropriate and effective security systems in place to adequately safeguard against loss, common damage or theft of staff, customer and Association property.
- Insure against theft and losses to the Association.

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- Ensure that premises meet appropriate local and/or government standards and/or any other statutory or minimum code requirements.
- Plan and carry out suitable protection and maintenance of property, building, and equipment.
- Avoid actions that would expose the Association, its Board, or its staff to claims of liability.
- Not allow plant and equipment to be subjected to unauthorised or improper use
- Ensure motor vehicles are registered and insured.
- Not allow employees or volunteers to drive vehicles belonging to Gran's Van, or rental vehicles, if they do not hold a current driver licence in the appropriate category or if their driving record causes the vehicle insurance to be restricted or be cancelled.
- Protect intellectual property, information, and files from unauthorised access, tampering, loss, or significant damage.
- Not permit any unauthorised person to handle cash.