# Financial Accountability

## Aim & Purpose

To establish clear policies and procedures for the financial management of Early Childhood Australia NSW (ECA NSW) and regional groups.

### Principles

1. The financial accountability of the ECA NSW is the combined responsibility of the Branch Executive Committee. Whilst tasks may be delegated to employees and particular Executive Committee members i.e.; the Treasurer, all members of the Executive Committee are responsible;
2. ECA NSW shall maintain a system of recording financial transactions, implementing financial management procedures and maintaining required documentation that complies with current accepted standards and Legislation;
3. ECA NSW Executive Committee shall establish transparent reporting mechanisms for the benefit of members and funding bodies and to maximise the probability of appropriate financial accountability at all times;
4. ECA NSW shall aim to operate in a financially sustainable manner, recognising that the Branch funds belong to members and Branch funds should be used for the benefit of Branch members;
5. ECA NSW shall implement procedures that recognise that as a volunteer group without ongoing paid staff, financial arrangements must also be convenient for the Executive Committee to function smoothly and effectively;

### Practice

1. **Financial Planning:**
2. ECA NSW regional and auspice groups shall have a financial year from 1st January to 31st December;
3. ECA NSW shall adopt a budget for its operations as soon as possible each year. The Branch will consider the budgetary position in any decisions to undertake major expenditure;
4. ECA NSW shall ensure the Association remains financially viable in the long term. The annual budget may project a deficit, surplus or break even operation in any one year, consistent with the overall aim of maintaining financial sustainability;
5. ECA NSW shall ensure that it budgetary plans will utilise the Associations funds to provide appropriate services to members;
6. **Banking:**
7. All funds of the ECA NSW must be held with institutions that are stable and are Authorised Trustee Securities;
8. The ECA NSW Executive Committee may delegate responsibility for expenditure but will ensure all expenditure requires the approval of at least two Executive Committee members;
9. The Treasurer shall monitor all bank balances monthly and shall make recommendations to the ECA NSW executive committee about the investment of funds in bank accounts to maximise interest income whenever necessary;
10. **Income:**
11. All monies received must be receipted in a manner acceptable to the auditor and in accordance with any relevant legislation. All receipts must display the Branch’s name, address and ABN;
12. All receipts must be banked intact (i.e. expenses are not to be paid from receipts prior to banking);
13. Monies received shall be banked as soon as practical;
14. All documentation associated with income shall be retained by the Branch;
15. **Expenditure:**
16. The ECA NSW Executive Committee shall approve all bank signatories and all bank accounts shall require at least two signatories and at least two Executive Committee members must approve any payment approval, transfer or cheque;
17. Payments on behalf of the ECA NSW may be made by cheque, debit card or through the financial administration service;

* Payments will not normally be made by cheque;
* Payments may be made by debit card when such payment is required to be paid immediately and the expenditure has been approved in advance by the Executive;
* The branch shall establish payment approval procedures for most payments through the financial administration service that will involve the approval of at least two authorised Executive members;

1. Accounts or invoices for regular payments that fall within budget and up to an amount of $1500 per invoice are to be paid when due and payable;
2. Accounts for amounts that fall within budget but over an amount of $1500 per invoice are to be approved by the ECA NSW Executive prior to payment. The Executive Committee shall determine the approved supplier, the approved maximum payment amount and payment method to be used as appropriate;
3. Accounts for all amounts outside budget are to be approved by the ECA NSW Executive Committee prior to payment;
4. The financial administration service shall be required to provide a list of all expenditures made and such reports should be tabled at an Executive meeting at least each three months;
5. **Debit Card:**
6. **Reason for use of card** ECA NSW is at a disadvantage when it is unable to make some purchases which are only available through electronic means. It is agreed that the utilisation of a debit or credit card will provide efficient, effective and flexible purchasing options, especially when electronic purchasing is the only available option. However, the ECA NSW needs to ensure that any use of credit or debit cards is strictly for Association business and as such requires clear guidelines for the use of cards and adequate controls to minimise risk that funds are misused;
7. **Issuing cards** ECA NSW needs to ensure that staff and designated members of the Executive Committee of ECA NSW have access to a card when such access will allow more appropriate purchasing decisions;

* The Executive Committee should formally resolve to approve any application for the issue of a credit or debit card to any person;
* The Executive Committee should ensure written instructions are issued to any bank clearly setting out the name and position of any person to be issued with a card on behalf of ECA NSW and any restrictions to apply to the use of the card;
* All staff or Executive Committee issued with a card shall also be given a copy of this policy, a copy of instructions from the bank for use and card security and a copy of instructions from the bank re procedures to be undertaken in the event of a lost or stolen card;

1. **Use of cards**:

* Debit cards can only be used for purchases for ECA NSW;
* All purchases by debit card require the prior approval of the Executive Committee. Such approval may be in the form of a approval for a single purchase up to a predetermined monetary limit or may be approval for a project involving multiple purchases up to the value of a project global limit;
* Not withstanding the previous clause, the President and one other member of the Executive Committee may approve a purchase by card up to the value of $2000, in the event that waiting for approval by the Executive Committee may compromise the work of the ECA NSW. Such one off approval must be notified to the full Executive Committee at the earliest opportunity;
* Card holders must retain written evidence to support all purchases. This may take the form of a tax invoice, receipt or confirmation reference number. The ECA NSW administrator office shall be provided with copies of any documentation within 14 days of the transaction. Such documentation should be filed along with evidence of all other purchases made by the branch each year;

1. **Security of cards**:

* Debit card holders are in a position of trust in regard to the use of ECA NSW funds. Improper or unauthorised use of the card may result in the card holder being held liable for unauthorised expenditures. Legal/disciplinary action may be brought against the cardholder for misuse with termination of card use and employment/membership of ECA NSW;
* Cards issued to staff or executive committee must be stored in a safe and suitable fashion with PIN kept separately and all instructions for use and security as issued by the bank to be followed at all times;
* Lost or stolen cards must be reported and cancelled immediately by contacting the bank to report this and to cancel the card;
* Debit cards need to be returned to the ECA NSW office or the Administration officer to be returned to the bank or to be destroyed when staff or members of the Executive Committee are no longer authorised cardholders;

1. **Payment of Wages:**
2. On employment, the ECA NSW Executive Committee shall provide each employee with a letter of appointment covering all relevant matters and including regular approved hours of work and the Award and grade of employment and current rate of pay, and provide a copy of the letter to the financial administrator;
3. The ECA NSW shall forward to the financial administration service, employee time sheets as appropriate signed by the employee and the service shall pay wages and entitlements as they are due and payable in accordance with the letter of appointment and the rate of pay applicable from time to time under the Award;
4. If the employee works hours over and above those regular hours outlined in the letter of appointment, the time sheet must be signed as approved by the Branch president prior to the payment of any additional wages. The payment of wages for additional hours shall be in accordance with the provisions of the Award;
5. Time sheets for any casual employees must be signed as approved by at least two Executive Committee members prior to payment of wages being made.
6. The ECA NSW shall maintain Workers Compensation insurance even when there are no regular employees to ensure the branch is able to employ casual staff when required;
7. **Financial Records:**
8. The ECA NSW shall maintain a secure record of all income and expenditure. The record must include all information which is required by the auditor and all relevant regulatory bodies for the operation of an Incorporated Association;
9. Bank statements shall be obtained on a monthly basis, and bank reconciliation prepared each month;
10. All documentation associated with income shall be retained at the Branch office or by a nominated representative of the Branch;
11. The financial administration service shall provide the Treasurer with monthly financial reports as soon as possible after the end of each calendar month. Those reports shall include an income/expenditure statement, a balance sheet and a list of all expenditure;
12. The Treasurer shall report to the Branch at least each two months and shall table all reports received from the financial administration service. Such reports shall be distributed to the Executive Committee members prior to Executive Committee meetings financial reports tabled at a Branch Executive Committee meeting shall be attached to the minutes of the meeting;
13. **Regional & Auspice Groups:**
14. Regional groups with the Branch may operate a bank account and receive income and make expenditure in the operation of the group. The group shall follow similar approval procedures for expenditure to that outlined above although it is more likely regional groups shall use cheque payments;
15. Regional Representatives provide a written report on the group’s income and expenditure on a yearly basis to the ECA NSW Executive Committee;
16. Regional groups shall forward bank statements and appropriate records and supporting documentation for the calendar year to the branch by the 31 January of the following year at the latest;
17. Regional groups will normally operate as a sub-entity on a GST input taxed basis, not claiming GST on purchases and not including GST on amounts charged;
18. However a regional group may request income and expenditure for an event or series of events to be processed through the ECA NSW accounts so that the activity is subject to GST and GST is claimable on inputs. The Executive Committee may direct a regional group to process all income and expenditure for an event through the branch accounts, especially if the overall turnover of the event becomes a significant part of overall ECA NSW financial operations;
19. When a regional groups activity is processed through the Branch accounts any surplus generated by the activity shall be transferred to the group bank account and any deficit shall be repaid to ECA NSW from the group’s bank account;
20. Auspice groups may be taken under ECA NSW management with the approval of the ECA NSW Executive Committee. Such groups shall be operated and financially managed in a manner as determined on a case by case basis by the Branch Executive Committee;

|  |  |
| --- | --- |
| **Date of review** | **Summary of changes and rationales** |
| May 2016 | * Review of format |
| August 2015 | * Review of format. * General update of policy and procedure. * Consistency of reference to Early Childhood Australia New South Wales Branch (ECA NSW) |

|  |  |  |  |
| --- | --- | --- | --- |
| **Policy:** | Financial Accountability | | |
| **Reviewed Date:** | 7th August 2015 | **Next Review Date:** | 7th August 2017 |

|  |  |  |
| --- | --- | --- |
| ECA NSW Executive Committee review of policy comments | | |
| Feedback/suggestion made: | | |
| Relevant Legislation has been checked for updates? | Y | N |
| Updates found: | | |
| Key resources have been checked for updates or changes | Y | N |
| Updates found: | | |