

Financial Management Policy

1. PURPOSE AND SCOPE

This policy sets out the guidelines for the financial management of Foresight. It applies to all Foresight “staff”, herein defined as including paid staff, Board members and volunteers.

2. GUIDING PRINCIPLES

As a not-for-profit, non-government organisation, Foresight recognises the following:

- a. Organisational funds belong to Foresight. They are not to be used for private purposes, including private grants or loans.
- b. Funds should be carefully used in an effective way and in accordance with the defining purpose of Foresight.
- c. All staff are responsible for the careful and honest use of funds.
- d. Funds granted to Foresight for a specific purpose will be used for that purpose. Allocation of all funds to project work must be approved by the Foresight Board before being spent.

3. ACCOUNTABILITY AND TRANSPARENCY

- a. The staff of Foresight have a collective responsibility for the financial health of the organization. Foresight is committed to being open, fair and transparent in its financial management.
- b. Approval at Board level is mandatory for all expenditure greater than \$3,000. Expenditure between \$500-\$3000 may be approved in writing by the Chairperson or Treasurer as per Section 5.4.
- c. Foresight staff will at all times undertake their duties in an ethical and impartial manner, act responsibly and exercise sound judgement. Staff associated with Foresight will at all times avoid any conflicts of interest.
- d. All financial documents and reports should be available to all members of the Board and staff members with financial duties.
- e. 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 publicly through the ACNC and a bridged version on our website.

4. ROLES AND RESPONSIBILITIES

4.1 Chairperson

In relation to Foresight’s financial management, the Chairperson will:

- a. Ensure that the Foresight has written financial policies and procedures that have been adopted by the Foresight Board
- b. ensure that the Board and staff with financial duties have a copy of these policies, have read them and understand them
- c. ensure the Financial Management Policy is implemented effectively
- d. ensure the Board regularly reviews and approves financial reports and other aspects of financial management
- e. liaise with Treasurer and Board to ensure the annual financial reports are prepared
- f. act as a cheque signatory and/or authorizer for financial transactions in combination with at

least one other from the Authorisation List (See Annexure 1).

4.2 Treasurer

In relation to Foresight's financial management, the Treasurer will:

- a. ensure the financial management policy is implemented effectively
- b. liaise with the Chairperson on financial matters and bring any irregularities to his/her attention urgently
- c. ensure financial reports are prepared for the Board and check their accuracy
- d. present these reports to the Board and be able to answer questions on these reports
- e. act as a cheque signatory and/or authorizer for financial transactions in combination with at least one other from the Authorisation List.

4.3 Project management

In relation to Foresight's financial management, the Management of projects will:

- a. liaise with the Chairperson and Treasurer on financial matters
- b. review and approve financial reports prior to Board meetings
- c. check the monthly bank reconciliation against the bank statements
- d. as appropriate, carry out spot checks on procedures and financial documents
- e. administer Foresight's financial management system (MYOB)
- f. be responsible for the day-to-day aspects of Foresight'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 filing appropriately
 - taking responsibility for the cash box and petty cash recording
 - ensuring financial data is recorded in the electronic financial management system (MYOB)
 - backing up financial electronic files.
- g. At each Board Meeting provide a summary on each project:
 - Project name
 - Project status
 - Board dollars amount initiated approval
 - Current dollars amount spent
 - Estimate dollars amount to complete
 - Any other comments

4.4 Board Members

- a. Board Volunteerism

- The Foresight Board members agree to work for the Organisation in the spirit of volunteerism
- No Board meeting allowances will be paid
- All work done for Foresight by Board members will be unpaid.

b. In relation to Foresight's financial management, all Board Members will:

- attend Board meeting(s) regularly
- read and understand Foresight's financial policy and procedures
- read and understand the financial reports
- approve the Foresight Annual Report
- read, question and, if appropriate, approve financial transactions tabled to the Board for approval in line with this Financial Management Policy.
- be a financial member of the foundation

5. FINANCIAL MANAGEMENT

5.1 Bank Account

- a. Foresight will hold *at least one* named bank account
- b. All Foresight income and expenditure must go through the Foresight named bank account/s
- c. The signatories to the Foresight bank account are the Chairperson, Treasurer, Project Manager and a Board Member. Two signatories are required on each cheque or electronic financial transaction.

5.2 Income

- a. Income represents funds from funding partners, including DFAT; grants and bequests from donors; and interest received from bank deposits and or investments. Grants, cash donations, bequests and interest received from bank deposits and/or investments are recognised as income in the period in which they are received.
- b. All income is receipted. As an approved receiver of tax-deductible donations, Foresight will issue tax-deductible receipts for donations.
- c. All income must be banked into a named Foresight bank account.
- d. Wherever possible, income will be banked weekly. All income, no matter how small, is always banked by the end of the month in which it is received.

5.3 Expenditure

- a. Expenditure represents expenses incurred directly for Foresight's development activities. These are recognised when payments are made (ie, when cheque or cash is disbursed or paid).
- b. Payment can only be made on delivery of good and services. There are to be NO prepayments unless substantial savings are available or other Board approval reasons.
- c. Every expenditure transaction must be lodged in Foresight's financial management system (MYOB).
- d. Separate Payroll records are to be kept for all salaries and wages.
- e. Small payments under \$50 may be paid using the Office petty cash, at the discretion of the Director, Treasurer or Project Manager only. 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.

- f. A petty cash ledger must be maintained on Foresight's financial management system (MYOB).
- g. The office petty cash float must not be more than \$250.
- h. The petty cash ledger shall be audited annually in the annual audit process.

5.4 Expenditure Approval Levels

All payments exceeding \$3000 must be covered by a Board minute identifying amounts invested.

Expenditure between \$500-\$3000 may be approved in writing, including email, by the Chairperson or Treasurer provided the expenses are incurred on behalf of Foresight or in the course of Foresight 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 Board 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.

5.5 Expenditures above \$1,000 – Purchase Order Form

- a. A manual purchase order is to be submitted when making expenditures for goods or services that exceed a collective (total) value of AUD \$1,000 (excluding GST). For example, when purchasing three sets of equipment using Foresight funds that add up to more than \$1,000 (even if each set is individually worth less than \$1,000), a purchase order form must be submitted.
- b. The manual purchase order form must be filled out by the requesting authorised Foresight staff or board member. The purchase order form must be circulated to the Board, either manually or per email. Approval from two Board Members is required before the expenditure may be made. Approval may be received per email or in hard copy.
- c. A purchase order is not required for the supply of good and services with a total value (excluding GST) of less than \$1,000. Purchases of a lesser value may be made by staff or members as per the Authorisation List.
- d. Unforeseen variations in the total cost of the approved purchases of goods or services up to and including 10% of the total value do not require additional (renewed) approval from the Board.
- e. The requesting Foresight staff or board member must inspect the goods and/or services upon receipt. In the event of a dispute, in particular where Foresight may be at risk of legal action, this must be communicated to the Chairperson, Treasurer and the Foresight Board immediately.
- f. When selecting medical equipment for procurement as part of an international development activity delivered or funded by Foresight, every attempt must be made to ensure the technology is appropriate for the intended environment and use.

5.6 Supplier Invoices

From time to time, Foresight may be required to pay suppliers for a provision of goods and services.

- a. Supplier invoices must be paid in accordance with the Authorisation List, which provides the power of Foresight's officers and staff to authorise expenditure within stated budget limits. Only officers and staff members of Foresight can engage suppliers in the provision of goods and services. Volunteers who participate in Foresight activities do not have the power to engage suppliers nor to authorise payment of supplier invoices on behalf of Foresight.
- b. It is the responsibility of the Foresight 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.
- c. Processing of the supplier invoices must be recorded in the Foresight financial management system (MYOB). Consideration may be remitted to a supplier in the form of cheque, money order, electronic funds transfer (EFT), cash (including from petty cash, if within limit), bank draft, direct debit or global payment.
- d. 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 (s.9-30(1)). 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.

5.7 Fixed Assets

- a. 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 AUD \$300s (excluding GST) should be included in Foresight's fixed asset register. Assets under this value should be monitored but do not require inclusion in the fixed asset register.
- b. The fixed asset register includes, but is not limited to, motor vehicles, office equipment; office furniture and fittings and computer equipment.
- c. Fixed assets should be recorded at cost of purchase price (exclusive of GST) or market value for donated assets.

5.8 Investment and Investment Income Distribution

Foresight administers an investment portfolio consisting of funds received from private donors.

- a. The investment fund is administered solely for the benefit of development activities and providing working capital for day-to-day operation of Foresight. Returns from the investment fund are not redistributed to donors.

- b. Foresight’s investment portfolio is administered by Elixir Private Wealth, an authorised representative of Godfrey Pembroke Ltd. Elixir Private Wealth charges a percentage-based management fee. This portfolio is reviewed every six months by the Chairperson and Treasurer.
- c. Any use and distribution of investment income generated from the Foresight investment portfolio will be based on the actual investment return of the portfolio as advised by Elixir Private Wealth. Any use and distribution is made at the discretion of the Treasurer of Foresight. Foresight recognises the risk involved with investment, however minimal, and that positive returns from any fund cannot be guaranteed.

6. Misuse of Funds

Foresight is committed to transparent and honest use of all funds.

Foresight will:

- a. use its best endeavours to ensure that funds provided under agreements with DFAT or other funding parties do not provide direct or indirect support or resources to organisations and individuals associated with terrorism. In accordance with Foresight’s ‘Code of Conduct’, if any link whatsoever with any organisation or individual associated with terrorism is discovered, Foresight will inform DFAT or other funding party immediately.
- b. Any suspected misuse or misappropriation of funds, whether for suspicion of terrorist involvement or other misuse, must be investigated by the Chairperson and Treasurer.
- c. 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 minor issues or breaches and the action taken. For serious offences, the matter must be referred to funding partner (if appropriate), the relevant police and/or the relevant Australian Embassy, where appropriate. In all cases the Foresight Board must be notified.

7. Strategic planning

Project funds are allocated at the time of the strategic planning meeting or at any Board meeting.

ANNEX

Annex 1: Authorisation list

Chairman: *Mr Kevin Gardner*

Treasurer: *Mr John Karagiorgos*

Project Manager: *Mr Remy Di Ponio*

Board member: *Prof Frank Billson*

Mr Kevin Gardner
Executive Chairman