



FINANCIAL MANAGEMENT POLICY

Introduction

1. This policy reflects the commitment of U3A Emerald Inc. through the Committee of Management to meeting its governance and fiduciary responsibilities.
2. As an incorporated association, U3A Emerald Inc. has responsibilities under legislation, including under the [Associations Incorporation Reform Act 2012](#).
3. In addition, the Constitution of U3A Emerald Inc. includes rules on the source of funds, management of funds, financial records and financial statements—in Sections 68, 69, 70 and 71—and those sections must be read with this policy. Various U3A Emerald Inc. policies such as the Code of Conduct, Conflict of Interest Policy and Privacy Policy also relate to this policy.
4. The Constitution and policies are available at www.u3aemerald.org.au

Purpose

5. The purpose of this policy is to ensure that U3A Emerald Inc:
 - 5.1. meets its fiduciary responsibilities to members, funding bodies and relevant others by ensuring sound and prudent management of all funds
 - 5.2. ensures consistency, accountability and integrity in its financial management
 - 5.3. makes decisions to commit expenditure only with proper authorisation
 - 5.4. makes payments promptly and in an appropriate manner
 - 5.5. mitigates financial risk and implements strategies to prevent fraud.

Definitions

6. In this policy the following definitions apply:
 - 6.1. *Audit standards*: Accepted Australian external auditing standards.
 - 6.2. *Commitments*: The act of promising to pay money on behalf of the association: once a commitment is made, payment has to follow.
 - 6.3. *Financial records*: Items such as invoices, purchase receipts and cheques—and documents that record details of these—and working papers and other documents that explain how financial statements are prepared.
 - 6.4. *Funds*: All funds received by the organisation including member fees, grants, donations, interest and any monies from Committee-approved sources.
 - 6.5. *Payments*: The act of transfer of U3A Emerald Inc. funds to another party.
 - 6.6. *Receipts*: Funds received such as member's fees.
 - 6.7. *Signatories*: Can include an electronic 'signature', for example where two people are required to authorise a bank transaction and the transaction is conducted electronically.

Policy

7. All U3A Emerald Inc. finance-related decisions must support the organisation's purposes as expressed in the Constitution, and must be in the members' interests.

Commitments

8. A member may only make a commitment for expenditure on behalf of U3A Emerald Inc. if they are authorised to do so by the requirement of their role, a Committee decision, an endorsed policy or the Constitution. The person making the commitment must be sure that the decision is an appropriate one in the circumstances.
9. Any member of the Committee can make financial commitments for up to \$100 for reasonable out-of-pocket expenses incurred while providing voluntary services to the association, without seeking authorisation, up to \$100 for each purchase, to a total of \$250 in any one calendar year, beyond which Committee approval is required.
10. The Treasurer does not require approval for regular operational items such as rent, licence fees, bank and PayPal charges, utility charges, cleaning, small printing costs, maintenance and postage, or for grant-related expenditure (which must be expended in accordance with the grant conditions).
11. Beyond the above clauses, pre-commitment approval for expenditure from the Committee is required. Once approval for a purchase has been granted, in the event of the actual cost being higher, the approved purchaser can only make the purchase if the variation is not more than 10% of the approved amount. If the variation is higher, Committee approval is required.

Payments

12. A member may only make a payment on behalf of U3A Emerald Inc. if they are authorised to do so by the requirement of their role, a Committee decision, an endorsed policy or the Constitution. The member making the payment is accountable for that payment and must retain purchase confirmation and provide the Treasurer with the documentation for retention.
13. Electronic funds transfer (EFT), BPAY or cheques may be used to make payments, with two signatories required for all payments. Cheques must not be made out to cash. The PayPal account must not be used to make payments.
14. Invoices for reimbursement of expenditure can be presented to the Treasurer or their delegate for payment. Reimbursement claims must identify who has approved the commitment. A person cannot be both the claimant and reimbursing for any expenses claim.

Receipts

15. The Treasurer will receive and bank all incoming payments. While the preference is to receive funds such as subscriptions from members by electronic means, other forms of payment such as cheques and cash are acceptable. Any funds received must be promptly provided to the Treasurer, who will record transactions and issue receipts in line with audit standards.

Financial statements

16. Each month the Treasurer will prepare the Treasurer's Report including cash balances, income and expenditure. At each Committee meeting, the Committee will consider and, as appropriate, approve the financial statements for the previous month.
17. At the first meeting of each year, the Treasurer will provide the Committee with the accounts from the previous calendar year and cashflow projections for the following year, including recommendations for member subscriptions. The Committee will certify the financial statements if they consider that they provide a 'true and fair' view of the finances.
18. Once certified by the Committee, the Treasurer will forward the accounts to a person approved by the committee for review and auditing.

19. The resulting audited financial statements, along with the Consumer Affairs Victoria-required proforma signed by two Committee members, and the cashflow projections will be submitted to the Annual General Meeting of U3A Emerald Inc. for approval.

Banking

20. The Treasurer will maintain the banking accounts ensuring these are managed. Funds not immediately required will be placed in a short-term deposit bank account.
21. A PayPal account will be maintained to receive subscriptions and fees from members, with funds transferred to the bank account regularly.

Records and back up

22. The Treasurer will record all income and expenditure using *Cashbook* accounting software.
23. Records will be backed up to USB each month and provided to the Secretary for safekeeping.
24. U3A Emerald Inc. will maintain its financial records for seven years.

Assets register

25. U3A Emerald Inc. will maintain an Assets Register, delegating its management to a Committee member. That member will provide the Register to the Treasurer or the Committee on request.

Extraordinary course costs

26. Extraordinary costs may be involved with the running of some courses, for example where a special venue or special equipment is required, or where consumables are involved. While U3A Emerald Inc. is as far as possible committed to providing courses for which there is a demand, where there are extraordinary costs these should be met by course participants. The Committee can refuse to offer a proposed course based on anticipated or actual costs.
 - 26.1. Where a course involves extraordinary running costs, such as venue hire or special equipment purchase, those costs will be estimated as accurately as possible and, if the Committee decides that the course will be offered, a participant fee will be calculated.
 - 26.2. Prospective members will be advised of the extraordinary fee prior to enrolment, and the fee will be payable in full at the time of enrolment.
 - 26.3. Where an estimation of overall costs is not possible, for example for consumables or individual items such as text books, members will be required to purchase those items themselves. Prospective members will be advised of this condition prior to enrolment.
 - 26.4. Costs involved in the initial set up of a new course will be estimated and considered by the Committee, and if agreed, will be met by U3A Emerald Inc.
 - 26.5. Where there are extraordinary costs for consumables in the ongoing running of a course, course participants will be required to meet those costs.

Refunds

27. Refunds will always be provided where U3A Emerald Inc. has made an error. However, refunds are not provided when a member has changed their mind about enrolling with U3A Emerald Inc. or in a course, unless there are special circumstances and the Committee agrees to the refund.
28. Where a member resigns from a course for which a fee for extraordinary costs has been paid, a pro-rata reimbursement will be made if they have attended 10% or fewer sessions of the course. Otherwise no refund for an extraordinary fee applies, unless agreed by the Committee.
29. If for reasons beyond its control the Committee has to cancel a course where fees for extraordinary costs have been paid (for example, if the tutor or venue becomes unavailable) a pro-rata refund of that fee, less any other fixed costs, will be paid to each course member.

Responsibilities

30. The Committee is ultimately responsible for the financial affairs of the organisation.
31. The Treasurer (and/or any other person designated by the Committee) is responsible for keeping financial records that record and explain the association's transactions, financial position and performance, and that allow for the preparation of 'true and fair' statements. The Committee may also request that the Treasurer provide advice and forecasts about its financial position.
32. If the President is on extended leave of absence or unable to carry on the role, the Vice-President will be authorised with the financial delegation limit of the President. If the Treasurer is on extended leave of absence or unable to carry on the role, the Acting Treasurer will be authorised with the financial delegation limit of the Treasurer. Unless the Committee decides otherwise, the Vice President will be Acting Treasurer.
33. The Committee is responsible for developing, implementing, reviewing and publishing this policy.

Authorisation

34. This Financial Management Policy was adopted by the Committee of Management of U3A Emerald Inc. and minuted as such, on 26 May 2020.