



Heartprint Financial Controls Policy

Introduction

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

Purpose

The purpose of this policy is to:

- Ensure that all expenditures made in the name of the organisation are authorised and independently reviewed.
- Guard against any potential abuse of payments procedures, while maintaining flexibility and avoiding unnecessary formality.

Policy

Financial transactions carried out in the name of Heartprint shall, as far as possible, be governed by the following principles.

No payments shall be made in the name of Heartprint 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).

Complete records of payment authorisation should be kept on file.

The Board, through the Treasurer, shall have continuous access to Heartprint's bank statements and Heartprint's 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 Heartprint's funds
- contract of employment.

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 from Heartprint's funds
- 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, as recorded in the appropriate board meeting minutes.

Financial transaction cards may only be issued to a person approved by the board.

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. Tax invoices or receipts and statements must be provided to the General Manager with each monthly account statement.

Responsibility

It is the responsibility of the board to:

- Approve a budget for Heartprint and authorise any departures from that budget.
- Maintain supervision of the financial progress of the organisation.

It is the responsibility of the General Manager to ensure that:

- Procedures consistent with this policy are implemented.
- Reports on the implementation of these procedures are regularly submitted to the board.
- Staff and volunteers are aware of this policy and these procedures.
- Any breaches of this policy or procedures are dealt with appropriately.

It is the responsibility of all employees and volunteers to ensure that any payment made on behalf of the organisation conforms to this policy and those procedures.

Processes: Payments

Financial transaction card Issue

Any organisational financial transaction cards (credit or pre-paid debt cards) may only be issued to a board member, staff member, or volunteer where their functions and duties would be enhanced by their use. Cards will thus be issued only to people on the approved Organisational Financial Transaction Card List. The list shall be held by the General Manager and be made available to the Treasurer on request.

Other persons may be added to the list by the Board. The Board may delegate the power to add persons to the list to any or all of:

- The Finance Committee
- The CEO

- The auditor.

Financial transaction cards may be issued on a temporary basis and recovered afterwards.

Each financial transaction card will be issued to a specific person, who will remain personally accountable for the use of the card. Cardholders will sign a declaration to this effect.

Only the authorised signatory may use the card. No more than one card shall be issued per cardholder. Credit limits as appropriate shall be set for each card by the issuing authority.

Cardholder's Responsibilities

The Cardholder shall:

- In all cases obtain and retain sufficient supporting documentation to validate the expense (e.g. tax invoice or receipt) or provide a written statement in lieu (the GM may require a statutory declaration).
- Attach supporting documentation to the monthly statement from the bank.
- Review the monthly statement for inaccuracies and report these to the GM.
- Verify that the goods and services listed were received.
- Sign the monthly statement to verify that transactions have been made for official purposes.
- Forward the papers to the authorised signatory for approval (the Board Chair shall authorise payments to the GM; the GM shall authorise the expenditure of all other cardholders).
- Notify the bank and the GM (or in the case of the GM, the Board Chair) immediately if:
 - The card is lost or stolen
 - Any unauthorised transaction is detected or suspected
 - A personal expense has inadvertently been charged to the card.
- Notify the GM and the bank of any change in name or contact details.
- Take adequate measures to ensure the security of the card.
- Cease using the card and promptly return the card to the GM if:
 - The cardholder resigns
 - The GM determines that there is no longer a need for the cardholder to retain their card
 - The card has been cancelled by the bank.
- Be personally liable for any unauthorised transaction unless the card is lost, stolen or subject to fraud on some part of a third party.

The Cardholder shall not:

- Exceed any maximum limits set for the card.
- Obtain cash advances through the card.
- Use the card for any illegal purchases.
- Authorise their own expenditure.
- Claim double allowances (i.e. request reimbursement for an expense already paid by the card).

Card Expenditure

The card will only be used for purchases that are directly associated with the cardholders' function within the organisation.

Where doubt exists as to whether an item is function-related, prior authorisation should be obtained from the GM (or, in the case of the GM's own card, the Chair of the Board).

Where private expenditure occurs on the same transaction as a corporate expenditure (e.g. a person incurs a debt for personal telephone calls during a hotel stay) the cardholder must settle the private expense prior to charging the balance on the organisational card.

The use of the corporate card for "services of a dubious nature" is expressly prohibited. "Services of a dubious nature" are defined as any goods or services that could bring the name of the organisation into disrepute.

Card Expenditure Review

Records of all expenditures made on the card must be reviewed by the Cardholder's supervisor, with a view to establishing both the need for the expenditure and the authorisation of the expenditure.

Card Misconduct

Wherever a breach in this policy occurs, the GM will assess the nature of the breach and may institute an appropriate disciplinary process, including:

- counselling and/or verbal warning
- a diary or file note created and retained on employee's personnel file
- a written warning.

Where the GM considers that the breach is such that serious sanction is appropriate, Heartprint's right to summarily dismiss an employee for serious misconduct may be exercised.

The CEO may determine whether to report a breach of the policy to the police for criminal investigation.

Following report of a breach, at the next Board meeting, the GM shall report:

- the investigation of the circumstances of the breach
- any police reports and action
- any disciplinary action taken.

Bank accounts

Bank accounts may only be opened in Heartprint's name, or to hold Heartprint's funds, when authorised by a person with the appropriate authority as recorded in the appropriate board meeting minutes.

Any variations to banking arrangements can only be made by a person with the appropriate authority as recorded in the appropriate board meeting minutes.

Bank transfers

Any bank transfer above the level approved for the person in the Financial Delegations Register (or any series of payments within the period of fourteen days amounting to 150% of the level approved for the

person in the appropriate board meeting minutes) must be approved prior to the payment by two persons authorised to make such approvals by the appropriate board meeting minutes.

Each payment must be supported by an invoice, receipt, or other appropriate documentation. Authorisations must be attached to this documentation prior to payment.

Bank transfers above \$5,000 to suppliers must be made only to suppliers who have been approved for the organisation's Approved Supplier Register. Where it appears necessary to make transfers to persons or bodies not on the Approved Supplier Register, prior approval must be sought from the GM.

Petty Cash

Petty Cash Limit

The amount of the petty cash float shall be as determined by the GM from time to time, but in general should not exceed \$250. Any amount in the petty cash float over \$250 shall be returned to general funds.

Petty Cash Use

Each Petty Cash Officer shall ensure that petty cash is used only to cover expenses for which it is not feasible or is unreasonably inconvenient to use normal purchasing methods. Any expense that is predictable, regular, and significant should be dealt with through normal accounting procedures.

The limit of \$250 shall not be evaded through splitting of items into smaller amounts.

Each Petty Cash Officer shall require all petty cash expenses incurred are supported by acceptable documentation (receipts, tax invoices, copies of staff travel diaries, etc.) and that the documentation relating to each payment shall be sufficient to establish the nature of the expenditure.

Each Petty Cash Officer shall retain acceptable supporting documentation of payments from the Petty Cash float and shall submit these with their accounts to the Finance Officer each month.

Each Petty Cash Officer shall report the loss of any Petty Cash funds to their supervisor as soon as the loss is discovered.

A tax invoice must be obtained for all petty cash purchases exceeding \$55 (Tax inclusive).

Petty cash should be kept in a secure (locked) location and the key held securely.

The Petty Cash Officer cannot delegate control of the float to other employees. If the Petty Cash Officer is unavailable, payment cannot be made by that means.

Petty Cash Replenishment

Total yearly petty cash requirements shall be estimated by the Petty Cash Officer and submitted to the budget process. The Petty Cash Officer can draw on replenishments during the year up to this amount.

If there is a need for additional finance, or if it is desired to increase the amount of the float, a special request must be made to the GM.

Replenishments should be sought when insufficient funds remain for five business days of expected use.

The petty cash float is to be reconciled monthly. This is the responsibility of the relevant Petty Cash Officer. All petty cash expenditure must be entered into the financial system once the petty cash has been

reconciled. The balance of monies and vouchers must equal the petty cash float amount before reimbursement can be made.

Cash

Except when classified as Petty Cash, all cash receipts shall be:

- Kept in a supervised or secure (locked) environment, and
- Deposited in the organisation's bank accounts within three working days.

Processes: Operations

Payments to Suppliers

New suppliers

Any new supplier must be approved by an authorised person on the Financial Delegations Register.

Any such approval must be made based on objective criteria and must be recorded in a standard format.

Purchases

All purchases must be requested through a purchase order on the appropriate form, which must specify the authorising officer for the transaction.

Purchases for items over the value of \$200 must be made to authorised suppliers only.

For items over the value of \$1,000 three quotes must be provided.

All items received are:

- to be checked against purchase order and recorded as supplied to specification
- to be checked against the original supplier authorisation.

Once the receipt of the item has been recorded and the supplier authorisation confirmed, this detail must be recorded on the purchase order. The purchase order is then to be forwarded to the appropriate persons for payment.

Asset Management

All purchases of equipment above the value of \$100 must be entered in the organisation's Asset Register in a standard format.

The Asset Register shall be reviewed at least yearly.