

## FINANCIAL MANAGEMENT POLICY

*First Adopted March 2020 (ratified June 2020)*

*Next Review: 2023*

### 1. Introduction

1.1 Every Home Global Concern (IEHGC) is committed to ensuring that all funds and assets obtained by EHGC are used only to further the purpose of EHGC and are done so in a responsible manner.

### 2. Purpose

2.1 The purpose of this policy is to clearly state how the funds of EHGC are managed and to prevent fraud or error.

### 3. Scope

3.1 This policy applies to Board members, Executive Director (ED) and staff of EHGC.

### 4. Regulatory context

4.1 As a registered charity, EHGC is required by the ACNC Governance Standards to ensure that its funds are used for its charitable purpose. Board members are also required to act with reasonable care skill and diligence, ensure financial affairs are managed responsibly and prevent insolvent trading.

4.2 EHGC has additional obligations under the External Conduct Standards as a registered charity with overseas activities. This includes:

- (a) taking reasonable steps to:
  - (i) ensure resources and funds are being used consistently with EHGC's charitable purpose and character as a not for-profit entity;
  - (ii) minimise the risk of corruption, fraud, bribery or other financial impropriety within EHGC; and

- (b) maintaining reasonable internal control procedures relating to resources and funds.

## **5. Responsibilities**

5.1 It is the responsibility of the Board to ensure that:

- (a) Board members, staff and volunteers are aware of this policy; and
- (b) any breaches of this policy that come to the attention of the Board are dealt with appropriately.

5.2 It is the responsibility of the ED to ensure the Board has the information and reports required to assess the use of EHGC funds.

## **6. Policy**

6.1 EHGC must use its funds (and ensure that its funds are used by third parties with whom it collaborates) only to further the purpose of EHGC and not for personal use or gain.

6.2 EHGC funds and assets must be dealt with in a responsible manner, being reasonable and authorised.

6.3 EHGC will operate according to a budget.

6.4 EHGC will take steps to ensure funds transferred overseas are received and accounted for.

6.5 EHGC will keep financial records.

## **7. Annual budget**

7.1 It is the responsibility of the Board to conduct a budget planning process each year as part of its annual strategic planning.

7.2 The budget is to be regularly monitored and reviewed.

7.3 The budget must include country by country provision for overseas programs.

7.4 EHGC's budget must be flexible in responding to unforeseen events, including possible reductions in cash flow.

## **8. Expenditure**

8.1 All decisions about expenditure must be approved by the ED to whom the Board has delegated the responsibility.

## **9. Cheques**

9.1 Cheques must be signed by two eligible signatories. The Board is to appoint eligible signatories from among the Board.

9.2 Cheques must be documented adequately. A list of all cheques issued each month, featuring amount, recipient, signatures and explanation must be recorded.

## **10. Bank**

10.1 All money is to be stored in a bank account or accounts in the name of EHGC.

10.2 Two individuals nominated by the Board are to be the eligible bank signatories.

10.3 Withdrawals or electronic transfers made from EHGC's bank accounts must be approved by two approved Board Members or one Board Member and the Bookkeeper who has been specifically authorised by the Board.

## **11. Overseas transactions**

11.1 Funds transferred outside of Australia must be transferred using a formal banking system where available.

11.2 The ED or their delegate must obtain and verify written confirmation that the funds transferred have been received.

11.3 If formal banking systems are not available due to geographical, political, social, economic or other reasons, funds may be transferred by other means providing:

- (a) a risk assessment is undertaken;
- (b) the Board approves the transfer; and
- (c) confirmation of receipt is obtained.

## **12. Financial Management - third party programs**

- 12.1 EHGC pursues its charitable purposes in part through collaborating with a third party or third parties to deliver programs overseas.
- 12.2 EHGC is required by the ACNC External Conduct Standards (**ECS**) to ensure that resources given to third parties are applied with reasonable controls and risk management processes in place.
- 12.3 As part of its ECS risk assessment, the Board authorises the ED to determine what level of oversight is required in relation to the financial management of third parties, with reference to matters including the:
  - (a) level of risk associated with the operations;
  - (b) relationship with the third party;
  - (c) financial management procedures within the third party; and
  - (d) consequences of poor financial management by third parties.
- 12.4 The ED, on behalf of the Board, must consider whether it is appropriate to:
  - (a) impose financial management obligations on third parties through a Memorandum of Understanding or other agreement;
  - (b) offer training to third parties on financial management;
  - (c) require third parties to produce a financial management policy or procedure (or provide one for them to adopt); and/or
  - (d) implement EHGC's own controls and monitoring systems to oversee the third party's financial management.

### **13. Financial records**

13.1 EHGC must retain financial records for seven years that correctly record and explain:

- (a) how EHGC spends or receives its money or other assets; and
- (b) EHGC's financial position and performance.

13.2 The financial records should allow for true and fair financial statements to be prepared, audited and reviewed by the Board.

13.3 For operations and activities outside of Australia, financial records showing income and expenditure must be prepared on a country by country basis.

### **14. Compliance with this policy**

14.1 The Board must comply with this policy and review compliance as part of its standard self-evaluation.

14.2 If the CEO or Board have reason to believe that this policy has not been complied with, they must investigate.

### **15. Related policies/procedures:**

15.1 Policy on Control of Funds and Resources

15.2 Policy on Internal Controls

15.3 Policy on Loans and Transactions

15.4 Policy on Fund-Raising Contracts and Agreements

15.5 Fraud Prevention and Risk Management Policy

15.6 Procurement and Acquisition Policy

15.7 Destruction of Documents Policy

15.8 Risk Management Policies and Procedures

15.9 Statement re Accountability to Stakeholders

15.10 Overseas Payments Procedures

15.11 Business Continuity and Disaster Recovery Plan

15.12 Financial Administration Procedures, Systems & Risk Management Manual

15.13 Procedural Manuals for Financial Secretary, Book-Keeper and Overseas Aid Projects Manager

**16. Authorisation (Signed)**

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Chairman of the Board of Directors,  
On behalf of Every Home Global Concern