

Nusa Tenggara Association

Financial Policy and Procedures

v1.2 February 2023

Financial Policy

1. The Board of Nusa Tenggara Association (NTA) is responsible for:
 - Safeguarding the assets of the charity
 - Preventing fraud
 - Managing financial risks
 - Keeping financial records in accordance with the governing document and relevant legislation (e.g. Charities Acts, Companies Acts etc).
 - Preparing Annual Accounts in accordance with the governing document and relevant legislation.
2. To enable the Board of Directors to carry out these responsibilities, the Financial procedures detailed below must be followed at all times by all Board of Directors, members, staff and volunteers.
3. A copy of this policy and procedures will be given to all Board of Directors members on their election/appointment to the Board, and to all relevant staff and volunteers.
4. The policy and procedures will be reviewed annually by the Board of Directors and revised as necessary.

Financial Procedures

Organisational Information

- a) Financial Year: 1 July to 30 June
- b) Name of Bankers: St George Bank
- c) Name of Auditor: John Little, Canberra Assurance Specialist Pty Ltd

Bank Accounts

- a) All bank accounts must be in the name of the organisation.
- b) No account may ever be opened in the name of an individual or individuals.
- c) New accounts may only be opened by a decision of the Board of Directors, which must be minuted.
- d) Changes to the Bank mandate may only be made by a decision of the Board of Directors, which must be minuted.
- f) All cheques must be signed by two signatories

- g) The signatories are responsible for examining the cheque for accuracy and completeness.
- h) All Internet Bank Transfers must be authorised by two signatories.
- i) The Treasurer and/or the Chairman is responsible for ensuring accuracy and completeness prior to transmission.
- j) The signatories are responsible for examining the payment documentation (Invoice etc) prior to signing the cheque or authorising an Internet Transfer.
- k) Blank cheques must **never** be signed.

Signatories to the accounts:

- i) Name: Wendy Emerton
Role: Acting Chief Executive Officer
- ii) Name: Ming Wei Cheah
Role: Treasurer
- iii) Name: Ron Thompson
Role: Chairman

Annual Budget

- a) An annual prepared budget, setting out the organisation's financial plan for the year, will be prepared so that the Board of Directors can approve it before the start of each financial year.
- b) The draft budget will be prepared by the following three personnel:
 - Chairman
 - CEO
 - Treasurer
- c) In setting the annual budget adequate funding reserves are to be maintained to protect staff and partners in the event of a reduction in funding.

Financial Reports

- a) A financial report including monthly updated Cashflow Budget Forecast spreadsheet will be prepared for every Board meeting.
- b) The financial report will consist of:
 - Profit & Loss
 - Balance Sheet
- c) Each Financial Report will be circulated to all Board members and discussed at the following committee meeting.
- d) The reports will be prepared by the Treasurer and/or the Chairman.

Accounting and other financial records

The organisation maintains an accounting system using excel spreadsheets and other accounting software, which record details of:

- Cheques, cash and Electronic Banking receipts banked
- Cheque payments, Internet Banking Transfers and other amounts paid from the bank accounts.

- a) Every transaction will be entered to the appropriate cashbook and will include:
 - The date of the transaction
 - The name of the person money was received from or paid to and the full amount
 - A brief description of why the money was received or paid
- b) All documents relating to receipts and payments will be filed in a suitable location
- c) A regular backup copy will be taken.

Authorisation and Payment

- a) All purchases and payments are subject to executive approval (two of the three authorised account signatories).
- B) No Board or staff member may authorise payment to themselves, their partner or relatives.
- c) Before cheque or Internet payment is made, it must be authorised in writing.
- d) Internet Banking Transactions require two of the three authorised to effect payments and transfers.
- e) All payments are to be entered in the operating cashflow excel file and computerised accounting system only after being authorised.

Recruitment and Payroll

- a) All recruitment, staff changes and changes to terms and conditions of employment must be authorised and minuted by the Board of Directors.
- b) All employees (including part time employees) must be asked to complete the relevant PAYE form/s before they receive any payment.
- c) Payroll and all calculations will be made by Chairman or Treasurer

Asset Management

- a) All purchases are subject to executive approval (two of the three authorised account signatories).

Partner payment

- a) All transfers to partner are effected by Electronic Funds transfer in AUD converting at the ruling exchange rate on the date of transfer.
- b) Disbursements and project payments are calculated in Indonesian Rupiah after funding has been transferred.
- c) Foreign exchange fluctuations are managed through adjustments in budget for programming in the next disbursement.
- d) Disbursements and project payments are approved by the CEO and the Operations Committee.
- e) Disbursements and project payments are executed by the NTA Indonesia.
- f) A full acquittal of project payments is provided by the NTA Indonesia to NTA Australia on a monthly basis.

Fraud and risk management

- a) The NTA will investigate all fraud and suspected fraud.
- b) All fraud or suspected fraud must be reported to the NTA Chairman or CEO as soon as it is detected.
- c) The NTA will report all fraud to relevant donors in accordance with DFAT policies.
- d) All staff and volunteers must comply with NTA policies regarding child protection and code of conduct.

- e) All staff and partners will be screened in accordance with DFAT's baseline due diligence procedures including identity, reference and police checks on recruitment and ongoing checks against the sanctions and counter terrorism lists held by ADB, World Bank, Australian Government and DFAT.
- f) All breaches of the NTA policy will be investigated in accordance with the complaints handling procedures and referred to the Board for decision.

Review and audit

- a) All accounts must be audited annually by an independent entity with audit reports to be provided and approved by the Board'

Insurance

- a) Appropriate Insurance policies will be maintained to cover:
 - Employer's Liability including Worker's Compensation
 - Public Liability
 - Travel Insurance including volunteer cover
- b) A copy will be kept off the premises at the address of the Executive Officer and Chairman.

Procurement

The key principles of NTA's procurement processes are:

Value For Money including factors such as purchase price, fitness for purpose, reliability, availability, delivery cost, operating cost, after sales support and warranties.

Open and Effective Competition: purchases made by NTA must be transparent and demonstrate a commitment to effective competition through competitive processes, which do not compromise the objective of value for money. This includes ensuring independence between NTA and its suppliers, absence of bias and favoritism and ease of competitive entry, particularly for new and small suppliers.

Ethical purchasing: NTA will, where practical, seek to purchase products which have been ethically produced and/or which are not harmful to the environment and society. Ethically produced goods and services must still meet NTA's requirements for value for money and be of suitable quality and fit for purpose.

Risk Management: every purchasing transaction involves some risk and risk management is an integral part of the decision-making process for all purchases. These principles are intended to provide consistency in NTA's approach to its procurement and provide a transparent basis upon which purchasing decisions are made in the best interests of the organisation.

General

All purchases of products (good and services) from selected approved and evaluated suppliers must:

- be in accordance with approved budgets;
- be authorised by a person with the appropriate financial delegations;
- be verified upon receipt by an appropriate staff member; and
- meet the specified requirements of this policy.

Purchasing Levels

The following purchasing levels apply to the procurement of all goods, services and works by NTA:

Up to \$10,000 For goods, services and works with a total value up to \$10,000 excluding GST, the number of quotations to be obtained is not fixed, however personnel are still encouraged to seek multiple quotes where practical and be able to demonstrate that a good financial and quality outcome has been achieved.

\$10,001 to \$40,000 For goods, services and works with a total value of \$10,001 to \$40,000 excluding GST, a minimum of 3 verbal quotes should be obtained, recorded and placed on file (unless otherwise authorised by the CEO). Where the lowest priced quote is not selected, a brief statement of the reasons that an alternative provider was selected should be recorded.

\$40,001 to \$80,000 For goods, services and works with a total value of \$40,001 to \$80,000 excluding GST, a minimum of 3 written quotes should be obtained (unless otherwise authorized by the Chair or the Chief Executive Officer). Analysis and selection from these quotes must be reviewed by the Chair and the CEO.

Above \$80,001 For goods, services and works with a total value above \$80,001 excluding GST, a formal tender process (open or selective) should be undertaken. The tender process should include the preparation of an evaluation plan with specified selection criteria and public advertising of the tender (unless a selective tender process is deemed most appropriate). The purchase of goods, services and works must be secured by a formal contract.

Reviewing this policy

This policy will be reviewed every 5 years or as required to assess its effectiveness, appropriateness and accuracy.

Version control

Version	Date	Approved by Board	Details
1.0	29 April 2019	29 April 2019	New Policy published
1.2	October 2023	October 2023	Addition of Procurement Section to align with ACFID requirements.