



A compassionate world where all are valued and supported to live joyful, meaningful and sustainable lives.

FINANCIAL MANAGEMENT POLICY

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SECTION 1: FINANCIAL MANAGEMENT FRAMEWORK

1.1 Policy Statement

Dharma Care Inc (DCI) is committed to transparent, comprehensive, and secure management of its finances, ensuring all financial obligations are addressed, and that there are sufficient resources to support and sustain the organisation in working towards its mission and objectives.

This policy contains information for the Board of Directors, the CEO and administrative staff to ensure compliance with the statutory and financial requirements of the Australian Accounting Standards, the Australian Tax Office, the NSW Office of Fair Trading and the Dharma Care Constitution.

1.2 Purpose and Scope

This policy aims to provide DCI with guidance in managing finances of the organisation.

This policy applies to all the organisation staff, Board members and volunteers.

1.3 Definitions

Financial Stakeholders means DCI Board Members, DCI Members, Susila Dharma Australia (SDA), Susila Dharma International Association (SDIA), Funding Bodies, NSW Department of Fair Trading, the Australian Charities and Not-for-profit Commission (ACNC), and State Departments responsible for Public Fundraising Approvals.

Financial Transparency means all stakeholders have access to DCI's financial accounts and monthly financial reports.

Fraud is the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain.

Irregular Behaviour includes unauthorised activities for private gain.

Conflict of Interest means a situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity in the organisation.

Staff means employees, contractors and volunteers.

1.4 Principles

- Effective financial management is a priority of the Board of Directors and the CEO/Manager.
- The Board of Directors holds ultimate accountability for the financial management of the organisation.

- The financial management responsibilities of the Board of Directors, staff and volunteers are clearly defined.
- Resources are provided to support good financial management.

1.5 Outcomes

The outcomes of implementing this policy are:

- Finances are effectively managed and support the organisation in its mission and objectives.
- Accurate, complete and transparent financial records are kept.
- All financially related contractual and legislative requirements are met.
- Assets are managed to support the organisation.

1.6 Specific Objectives

- To support the achievement of Dharma Care's charitable objectives and regulatory responsibilities;
- To maintain transparency of Dharma Care's financial situation to all stakeholders,
- To create honesty and integrity in all aspects of its financial management process;
- To ensure the Board has speedy access to any information that might impinge on DCI's solvency;
- To diversify income and manage risk through the application of DCI's Risk Management System;
- To reduce the risk of fraud;
- To gain the respect and confidence of funding agencies, partners and beneficiaries;
- To maintain the financial literacy of the Board;
- To prepare annual budgets as part of the annual corporate planning process;
- To maintain accurate financial records;
- To oversee the preparation of DCI's annual accounts;
- To appoint an appropriately qualified auditor to audit DCI's accounts each year;
- To ensure a Monthly Management Report is provided to the Board that includes reconciled income and expenditure statements, cashflow projections and account balances;
- To have a financial reserve policy to cover contingencies;
- To have an investment policy;
- To ensure financial sustainability;
- To establish the most efficient financial management systems;
- To make effective and efficient use of DCI's resources;
- To ensure best practice in financial management by the establishment of a Finance and Insurance Sub-committee of the Board;
- To review the Financial Management Policy at least annually (Finance and Insurance Sub-committee and any changes approved by the Board); and
- To monitor DCI's activities to prevent voiding its insurance policies.

1.7 Governing Authorities

The following authorities have requirements relating to DCI's financial responsibilities.

- NSW Fair Trading – under the Associations Act,
- Australian Taxation Office,
- Australian Charities & Not-for-profits Commission, and
- State government departments responsible for the regulation of public fundraising.

More information on their regulations can be found in the DCI Operations Manual, the Compliance Management System and on the relevant regulatory websites.

1.8 Reporting Obligations

Reporting obligations to the above governing authorities are listed in the DCI Operations Manual (Sections 4 – 10) and in the Compliance Management System.

1.9 DCI's Registrations & Exemptions

DCI has the following registrations and exemptions that affect its financial operations and reporting obligations:

- an incorporated association registered in NSW (1990) with the NSW Department of Fair Trading,
- a charity (Subtype: Public Benevolent Institution) registered with the Australian Charities and Not-for-profits Commission (ACNC),
- registered with the Australian Taxation Office (ATO) as a Deductible Gift Recipient (DGR),
- exempted by the ATO from Income Tax, Fringe Benefits Tax and certain exemptions from GST,
- registered with NSW Office of State Revenue for duty exemption on vehicle registration,
- registered with NSW Office of State Revenue for duty exemption on insurance,
- registered for public fundraising in Queensland, New South Wales, Tasmania, ACT, Western Australia, Northern Territory and South Australia,

1.10 Key Roles and Delegations

Board of Directors	<ul style="list-style-type: none">• Comply with all contractual and legislative requirements.• Use organisation funds solely for approved organisation purposes and priorities.• Prevent the organisation from incurring unauthorised debts.• Use restricted funds for their designated purpose only.• Ensure all financial transactions and decisions of the organisation are recorded using standard accounting practices.• Allocate financial authorities and delegations; and• Monitor and respond to irregular and fraudulent behaviour of staff and/or other Board members.
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	<ul style="list-style-type: none"> • Ensure debts are settled within the agreed time period. • Not approve or incur debt that is beyond the organisation’s ability to meet. • Ensure internal and external financial reporting requirements are met. • Endorse and ensure compliance with the Financial Management Policy. • Contribute to the review and development of the Financial Management Policy. • Review and approve financial statements (balance sheets, income statements, cash flow statements) on a regular basis at Board meetings. • Ensure an approved auditor conducts an annual audit of the organisation’s accounts. • Respond to recommendations of the Finance and Insurance Sub-committee. • Ensure transparent communication of financial matters to relevant stakeholders such as DCI members.
Finance & Insurance Sub-committee	<ul style="list-style-type: none"> • Membership to include Treasurer (Lead), DCI Chair and CEO. • Review the Financial Management Policy each year. • Oversee compliance with regulatory requirements in relation to DCI’s finances and financial management - includes undertaking a review of financial systems and a fraud and irregular behaviour risk assessment every two years. • Review financial information for DCI’s strategic planning process. • Review financial aspects of contractual agreements. • Review & recommend the annual budget and cashflow. • Review monthly financial reports. • Appoint and oversee provision of information to external auditor. • Review charitable project budgets and reports. • Develop a long-term investment strategy. • Research & recommend insurance options. • Approve expenditures in excess of designated limits. • Develop strategies for submission to the Board to cover financial contingencies (in conjunction with the Risk Management Sub-committee). • Undertake reviews and make recommendations on any aspect of DCI’s financial affairs as requested by the Board.
CEO	<ul style="list-style-type: none"> • Work with the Treasurer and Board of Directors in implementing effective financial management of the organisation. • Be a member of the Finance Subcommittee. • Contribute to the review and development of the Financial Management Policy. • Comply with the Financial Management Policy. • Develop, review and implement Financial Management Procedures. • Provide leadership and action financial management. • Delegate and supervise financial management positions and activities as required.

	<ul style="list-style-type: none"> • Lead the development and regular review of budgets and cashflows. • Ensure accurate, complete and transparent financial records are kept. • Ensure accurate, appropriate and timely financial reporting as required internally and externally. • Develop, review and implement a Compliance Management System and Compliance Register.
Sine Cera Manager	<ul style="list-style-type: none"> • Comply with the Financial Management Policy & Procedures. • Comply with expenditure limits. • Maintain contractor insurance and ABN registration.
Administration Manager	<ul style="list-style-type: none"> • Comply with the Financial Management Policy & Procedures. • Assist in the preparation of draft annual budgets and cashflows. • Develop and maintain accurate, complete and transparent financial records in the MYOB system. • Prepare monthly financial reports as part of the Management Report. • Implement the Compliance Management System. • Monitor and fulfil reporting requirements in Compliance Register. • Manage the schedule of financial management activities. • Maintain accurate and timely MYOB data. • Issue donation receipts. • Prepare Sine Cera quotations. • Manage sales pipeline and deposit payments through the Customer Resource Management (CRM) tool. • Monitor timely submission of charitable project financial reports. • Process all approved income and expenditures; • Manage petty cash if such a system is introduced. • Preparing for and assist in the annual external audit. • Preparing staff salaries and other payments, and maintain required records. • Maintaining the donations register and issue receipts. • Updating the Compliance Register. • Act as a Responsible Person and ensure Federal and State regulatory information is updated. • Maintain the asset register; and • Maintaining an insurance register.

1.11 Policy Implementation

This policy is developed in consultation with the Board of Directors, the Finance and Insurance Sub-committee and the CEO, and is approved by the Board of Directors.

All Board members and staff are responsible for understanding and adhering to this policy.

Specific monitoring and support activities include:

- Staff, volunteer and Board member orientation by the CEO,

- Review and update of this policy every 12 months by the Finance and Insurance Sub-committee, or as required.

This policy must be read in conjunction with the following policies:

- Asset Management Policy
- Compliance Management Policy,
- Charitable Project Management Policy
- Confidentiality Policy,
- Conflict of Interest Policy,
- Data Management Policy,
- DCI Operations Manual,
- Fundraising Policy,
- Governance Policy,
- Human Resources Policy,
- Records Policy,
- Privacy Policy,
- Program Management Policy,
- Risk Management Policy.
- Service and Program Operations and
- Whistleblower Policy.

1.12 Financial Management Framework

The financial management framework of DCI includes:

- Applying DCI's Financial Management Policy through an annual Financial Management Plan that includes a Budget and Cashflow,
- Compiling, monitoring and reviewing the budget and cashflow,
- Generating and managing income,
- Undertaking public fundraising campaigns,
- Managing expenditure,
- Ensuring security against fraud,
- Applying best practice accounting systems,
- Appointing independent annual auditors, and
- Monthly financial reporting to the Board, DCI Membership and other relevant stakeholders.

1.13 Risk Management

DCI has financial monitoring and reporting systems in place to protect its finances and ensure all financial reporting is accurate.

DCI provides professional development opportunities to the Board and staff in financial management practice, including fraud awareness, prevention, detection and investigation through

ACNC and NSW Fair Trading webinars and information sheets. These areas of financial management are included in the Board Members Induction Information Pack.

DCI undertakes regular reviews of its financial systems through its Risk Management processes, and the Board's Finance and Insurance Sub-committee.

DCI submits its accounts to annual independent audits.

Risk management actions are identified in Section 2: Financial Security. See DCI Risk Management Policy.

SECTION 2: FINANCIAL SECURITY

Financial security is about protecting the organisation's financial and other assets from irregular and fraudulent behaviour. The organisation implements a range of financial security strategies.

2.1 Quality Improvement

The organisation maintains currency of this Financial Management Policy which is informed by current best practice and sector standards, and complies with contractual and legislative obligations.

The organisation implements related policies and procedures that support understanding and compliance with this Financial Management Policy. **See Section 1.1 above.**

The organisation makes improvements to financial management by:

- Conducting a bi-annual review of financial management practice against this Financial Management Policy and making improvements as required.
- The Treasurer conducting two spot checks of financial files per year.
- Undertaking an annual external audit.

2.2 Standard Templates

Standard approved templates that align with Australian Accounting Standards are used in managing and recording the organisation's financial accounts to support consistency and shared understanding across the organisation, as well as acting as a safety control measure.

Current financial management standard templates are located in secure and back-up G-Suite and Dropbox locations.

2.3 Contractual and Compliance Obligations

The organisation's financial management contractual and compliance obligations are identified as part of the organisation's Compliance Management System and Compliance Register, detailing the response, reporting and timing requirements.

The Compliance Register is reviewed monthly by the CEO and the Board of Directors at monthly Board Meetings.

2.3.1 Scheduling of Financial Management Activities

A schedule of financial management activities is maintained by the Administration Manager that details:

- budget development planning, drafting and approval timeframes,
- internal and external reporting,
- internal reviews,
- external reviews, and
- auditing.

The schedule is set out in the Operations Manual and a standard report is prepared for the Board's meetings.

2.5 Bank Accounts

Three "society" bank accounts with the Commonwealth Bank are held by the organisation with the aim of:

- reducing bank fees,
- maintaining cash flow through holding funds in reserve for Sine Cera Rainforest Retreat Operations,
- ensuring the ACNC-mandated dedicated donations account receives and disperses all donations and is used for no other purpose, and
- ensuring the security and tracking of funds.

Funds may be transferred between non-donation accounts to maintain cashflow.

All organisation bank accounts are reconciled on a monthly basis.

All bank transactions are detailed in the bank statements and MYOB, and in monthly financial reporting and is reviewed by the Chair of the Finance and Insurance Sub-committee and the Board.

All transactions are made by electronic bank transfer or debit card to ensure a complete and accurate record. of

Accounts may be accessed and payments made by any one of the following authorised signatories:

- the Chair of DCI,
- the Treasurer of DCI, or
- the CEO of DCI.

The CEO and Treasurer authorise bank documentation in regard to new accounts/term deposits.

New bank accounts and term deposits can be established to comply with any funding or regulatory body requirements for transparency.

2.6 Signatories

Any changes to signatories can only be approved by the Board and are to be advised to the relevant banking institution.

Any adding or removing of on-line signatories must comply with the following:

- No signatories are to be related or living in the same premises;
- No signatories are to ever have been bankrupt or convicted for fraud;
- Signatories are not to authorise payments involving a conflict of interest, including reimbursements for their own expenses; and
- The approval of the Treasurer is required for any single payment **over \$5,000 that is not in the budget.**

2.7 Delegation Authorities

Authority for expenditure of the organisation's funds is permitted within the Board of Directors' approved budgets and within the financial delegation limits set out in **Appendix 1**.

Authority for CEO expenditure of the organisation's funds outside of the approved budgets and/or over the limits of delegation must be provided by the Treasurer.

2.8 Delegation Limits

Delegation limits allow an employee to spend organisation funds up to that limit before requiring approval from a manager with higher delegation to exceed the limit.

2.8.1 Delegation Limits of Staff

The Board determines the CEO level of financial delegation and, along with the CEO, determines the level of financial delegation for all other staff. The financial delegation limits for staff are:

- CEO: \$5,000 if it is not in the approved budget;
- Amounts over \$5,000 can be made by the CEO after consultation with the Treasurer,
- Sine Cera Manager: \$200 if not in the approved budget. Amounts between \$300 and \$5,000 can be approved by the CEO.; and
- Administration Manager: Nil.

The CEO is responsible for authorising individuals to act as representatives of the organisation in incurring expenditures.

Approval in principle to incur expenditure should be sought in advance from the CEO where possible, or in his/her absence, the Chair of the Board's Finance and Insurance Sub-committee.

2.8.2 Purchase and Expenditure Limit Requirements

Purchases or expenditures over \$2,000 require at least two independent quotes.

2.9 Accounting Authority

The Board determines the CEO level of accounting authority.

The CEO accounting authorities are:

- Bank accounts,
- Variation and authorisation of accounts payable,
- Electronic funds transfers,
- Placement of investments,
- Engagement of consultants and contractors,
- Asset management,
- Debt management, and
- Travel and accommodation (including use of taxis, car hire, venue hire).

2.10 Cash Disbursement Authority

All payments, with the exception of direct deposit payroll items, are to be made by designated member/s of the Board or the CEO.

No cheque system is used.

2.10 Separation of Duties

The organisation has a separation of duties requirement so that no one person has full responsibility or authority for the following financial functions:

- Authorisation and distribution of petty cash;
- Authorisation of bank payments and transfers;
- Purchasing of goods over \$5,000 unless it is a budget item;
- Contracting service providers with an expense over \$5,000 unless it is in the budget;
- Any expenditure over \$5,000 that is not in the budget requires the approval of the Lead of the Finance and Insurance Sub-committee.

2.11 Human Resources

The organisation implements strategies to ensure Board members and staff are appropriately skilled to undertake delegated financial roles and responsibilities, including:

- Employing staff with the relevant experience, knowledge and skills for financial management and delegation; and
- All personnel with financial delegations above the limit of \$200 are screened through reference checks and National Police Checks.

Relevant staff, volunteers and Board members are provided with orientation and training to ensure they have the required knowledge and skills to undertake their financial roles and responsibilities, including:

- Orientation to the organisation's mission, values and code of conduct;
- Orientation to the organisation's financial management policies and practice;
- Confirming expected behaviour relating to financial management practice;
- Facilitating financial management training as required for Board members and key staff e.g. ACNC webinars; and
- Establishing governance responsibilities with the approval of the Board, including the Finance and Insurance Sub-committee.

2.12 Access and Security

Access to financial information, resources and financial transaction capability is restricted by:

- Authorising physical and electronic access to delegated personnel only;
- Requiring password access to the organisation's computer network;
- Requiring password access to financial management software programs used by the organisation;
- Securing all paper financial transaction records in key locked filing cabinet;
- Securing petty cash in a key locked storage cabinet or safe; and
- Securing all paper financial transaction records and petty cash cabinets/safes in a locked room.

2.13 Insurance

The Board of Directors and CEO ensure the organisation carries comprehensive, sufficient and appropriate insurance policies are maintained to meet statutory and funding body requirements,

and for the protection of office holders, staff, visitors and assets and to protect the organisation from financial impacts of mistakes, disasters and accidents.

Insurance policies are reviewed annually to ensure adequate cover and to minimise insurance expense. Insurances are adjusted and additional insurance sought if required due to substantial purchases or significant changes to the organisation's assets, staff and volunteer numbers, or services and activities.

The organisation ensures insurance policies are current, sufficient and that adequate documentation is maintained and supplied to insurers/brokers.

Current insurance includes:

- Public Liability Insurance,
- Volunteer Insurance.

There is no director's insurance, manager's insurance, property fire and theft insurance.

The DCI Board has resolved that the cost of fire insurance at Sine Cera Rainforest Retreat is currently prohibitive and that fire minimisation as well as building and grounds maintenance strategies are deployed to reduce the fire risks. As a result of inspections and advice from the Rural Fire Service in 2018, DCI has been advised that the fire risk is "minimal".

Policy information including provider, amount of cover and coverage dates is detailed in the DCI Operations Manual and the MCI Dropbox under MCI Insurance.

The organisation maintains the following insurance policies and cover value:

<i>Policy</i>	<i>Cover value</i>
Public/Products Liability	\$20 million
Directors and Public Officers	Nil
Association Liability	Nil
Burglary/Theft	Nil
Fire and Perils	Nil
General Property	Nil
Money in Transit	Nil
Motor Vehicle (Minibus, trailer)	Third party only
Volunteer (Unlimited number of people. Aggregate Limit)	\$1 million
Workers Compensation	Not applicable

Details of the organisation's insurance policies are maintained in the Compliance Register that is securely stored and backed up in Dropbox.

2.14 Reserve Funds

The Finance and Insurance Sub-committee in conjunction with the Risk Management Sub-committee will develop strategies for submission to the Board to cover financial contingencies caused by events such as recessions, pandemics, or damage to income-earning assets. These strategies might include maintaining a reserve fund, having a line of credit, bank overdraft or similar instrument.

2.15 Investments

The Finance and Insurance Sub-committee will maintain a long-term investment strategy, the principles and details of which will be developed for submission to the DCI Board. This strategy may include investing bequests made to DCI in a way that will ensure the wishes of the person leaving the bequest are fulfilled. The strategy will include guidelines as to how income from invested funds will be used. All investment decisions **over \$5,000** will be considered by the DCI Risk Management Sub-committee. See Section 4.1 below.

SECTION 3: MANAGING FRAUD AND IRREGULAR PRACTICE

3.1 Fraud and Irregular Behaviour Definition

Fraud is defined as “an act of deception intended for personal gain or to cause a loss to another person or organisation.” Fraud is a serious breach of trust. Under NSW and Commonwealth legislation, not all fraud is considered a criminal act. Where it is considered criminal, there is a duty to report it to the police in NSW under section 316 of the Crimes Act 1900 (NSW)

Fraudulent behaviour includes:

- theft of goods or property,
- falsifying financial expense claims,
- falsifying or destroying financial and related records to conceal an improper action,
- unapproved use of credit or debit cards, and
- not declaring a conflict of interest.

Irregular behaviour includes unauthorised activities for private gain, such as:

- ‘borrowing’ from petty cash, and
- unauthorised use of vehicles or equipment for personal use.

3.2 Fraud Risk Assessment

The Finance and Insurance Sub-committee conducts a formal fraud and irregular behaviour risk assessment every two years to identify fraud and irregular behaviour as well as potentially vulnerable areas.

The fraud risk assessment includes review of:

- adequacy and application of information technology and information security,
- electronic commerce and internet transactions,
- use of electronic signatures,
- outsourced and contracted functions,
- grants and other payments, benefits or programs,
- tendering processes, and purchasing and contract management,
- revenue collection,
- use of credit cards,
- travel allowance and other staff and Board allowances,
- salaries, and
- petty cash.

Findings of the assessment are reported by the CEO to the Board of Directors for review, and response actions are incorporated into preventative, control and monitoring practice.

Specific vulnerable risk areas for this organisation are:

- irregular use of fuel cards due to part-time use of motor vehicles for personal use;
- irregular use of debit cards,
- unapproved purchases on supplier accounts;
- conflict of interest.

3.3 Overseas Operations

DCI abides by ACNC External Standards Guidelines in relation to fraud and money laundering when undertaking due diligence, project approval and project monitoring on its overseas projects.

3.4 Reporting

Reporting of suspected or actual fraud and irregular behaviour is the responsibility of all staff, volunteers and Board members of the organisation.

Actual or suspected fraudulent and irregular behaviour is to be reported to the CEO immediately.

Any person receiving a report of suspected or actual fraud and irregular behaviour is to make a written record of the report.

Actual or suspected fraudulent and irregular behaviour by the CEO is to be reported to the Treasurer and the Board.

3.5 Whistleblowing

A whistleblower is a board member, manager, employee, contractor or volunteer – who reports known or reasonably suspected misconduct within the organisation. The disclosure may be reported openly or anonymously. Whistleblower protection refers to protecting whistleblowers against reprisals following reporting.

Both internal and external reporting pathways should be available to whistleblowers.

A strategy for supporting and protecting staff who raise concerns is available in DCI's Whistleblower Policy.

3.6 Investigation

The CEO and the Board are responsible for initial investigation of the report of actual or suspected fraudulent and irregular practice to assess if a formal investigation by, and reporting to, external parties is warranted.

External parties may include the organisation's auditor, investigative consultant, Australian Tax Office, government funders and regulators, and the police.

A written record of all investigative activities and outcomes is made by the CEO and/or Board.

3.7 Post-incident Review

Following a suspected or confirmed incident of fraudulent or irregular practice, the organisation's financial risks and control measures are reviewed and amended where necessary.

SECTION 4: INCOME GENERATION

The CEO is responsible for ensuring income is generated to meet the expenditure requirements of the annual operating budget. The CEO ensures fundraising activities comply with the relevant acts in each State.

All income is recorded in the organisation's financial statements.

4.1 Investing and Interest

4.1.1 Investing funds

The organisation may invest funds into a cash management account or a term deposit, provided or other form of investment as recommended by the Finance and Insurance Subcommittee:

- The funds are not allocated to annual budgets;
- The funds are above the amount of \$5,000;
- A surplus amount of \$2,000 is retained in immediately accessible bank accounts;
- The investment is for a period as recommended by the Finance and Insurance Subcommittee; and
- The Board has endorsed the transaction.

4.1.2 Interest Earned

Interest earned on all funds is allocated as the Finance and Insurance Subu-committee determines from time to time.

4.2 Fundraising and Donations

The organisation is a deductible gift recipient (DGR) endorsed by the Australian Taxation Office.

4.2.1 Fundraising

Funding of charitable projects must be in accordance with the DCI Charitable Projects and Fundraising Policy.

All project proposals must contain a detailed budget against milestones and risk mitigation strategies. Financial reports from funded projects must be received by DCI every six months or as agreed with the Project, and then circulated to the Board and then to the DCI Membership.

All donations received for a charitable project must be recorded and banked into and dispersed from the DCI Donations Account to ensure traceability and transparency. Donation receipts must conform with the ATO requirements.

Donations and bequests are subject to DCI's Confidentiality Policy.

Further information is available in the DCI Operations Manual.

The organisation may undertake fundraising activities when appropriate charity status and fundraising certifications are up-to-date, and provided the activity:

- Is consistent with the National Fundraising Code of Practice and State fundraising regulations;
- Is assessed for financial, WHS and other risks;
- Is not, or could not be, perceived as being either unethical or illegal;
- Does not contravene the organisation's mission, objectives or values;
- Does not risk the organisation's reputation in any way;
- Does not involve a person known to have been associated with or prosecuted for any form of embezzlement;
- Does not require expenditure of funds equal to or more than those that are expected to be raised; and
- Is approved by the Board.

4.2.2 Donations

The organisation accepts financial and gift donations from individuals, private trusts, foundations and companies, provided all of the following apply:

- The donation is made directly to DCI or the donation is to a Board-approved project or activity;
- ATO-stipulated receipts are provided for all donations;
- Acceptance of the funds does not compromise the organisation's mission, objectives, values or reputation.

Further details on the types of donations it can receive are provided in DCI's constitution. Under ATO regulations, DCI can accept shares from public companies but not from private companies.

All requests for donations include a statement that donors accept that 15% of funds raised is treated as a donation to DCI to assist in administering its activities.

4.3 Sponsorship

The organisation accepts sponsorship offers of cash, products and services in return for association with the organisation as a whole and for specific projects, events or activities, provided that:

- The agreement does not compromise the organisation's mission, goals, values or reputation;
- A record is made of all sponsorship relationships and agreements;
- Agreements **over \$2,000** are bound by a contract;
- The organisation retains the right to withdraw from the sponsorship agreement at any time;
- The sponsorship agreement is reviewed by the Finance and Insurance Subcommittee prior to submission to the Board for a final decision.

4.4 Membership Fees

The organisation offers membership options for individuals and organisations – refer to DCI's Membership Policy. There are two membership types: Ordinary (Paid) Membership, and Honorary (Unpaid) Membership. Unpaid memberships are approved by the Board on the basis of significant contributions to the work of DCI over several years.

Membership income is recorded as such in accounting records and utilised for general purposes or as otherwise determined by the Board from time to time.

4.5 Proceeds from Sales and Services

The organisation generates income from the following fee for service activities:

- Rent of accommodation and other facilities at Sine Cera Rainforest Retreat;
- Training and education programs;
- Donations made directly to DCI and 15% of donations made to approved charitable projects, and
- Products sold online through the DCI website.

4.6 Grants and Funding Contracts

The organisation seeks and accepts grants and funding contracts for the provision of services, provided that the requirements of the grant or funding contract do not conflict with, compromise, deter, or alter the organisation's mission, objectives, values or reputation.

Grants and funds are accepted and entered into, providing there is a signed agreement by all parties that details the funds' purpose, requirements, and restrictions.

The Financial Management Policy is reviewed to ensure it complies with the terms and conditions of funding contracts. Terms of the contract may be negotiated with the funders, and/or the Financial Management Policy is updated.

Grant and fund agreements **over \$5,000** are reviewed by the Finance and Insurance Subcommittee and submitted to the Board for a final decision.

4.7 Funds Transferred from Previous Years

Unexpended funds from previous years are represented as funds transferred from previous years in their relevant budgets.

Use of unexpended funds must be used in accordance with any contractual requirements to which the funds relate.

SECTION 5: BUDGETING

Budgeting is undertaken to manage resources for the achievement of strategic goals and sustaining the organisation.

5.1 Annual Budgeting

The Board is responsible for developing and overseeing the budget in collaboration with the CEO and the Board's Finance and Insurance Sub-committee. The Board conducts an annual budget planning process as part of the annual corporate planning process, and it reviews actual expenditure against projected financial performance.

The CEO monitors expenditure against the annual budget on a monthly basis and reports to the Board's Finance and Insurance Sub-committee on a monthly basis.

The organisation develops budgets for 12-month periods depicting planned income and expenditure to undertake activities in working towards organisational and project goals.

Where the organisation develops separate budgets based on program areas, projects or specific activities, a consolidated budget is developed to monitor overall financial state of the organisation.

Annual budget development commences approximately two to three months before the beginning of the upcoming financial year and endorsed budgets provide the basis for control of the organisation's financial operations for the budget period.

5.1.1 Roles and Responsibilities

Primary responsibility for developing budgets is delegated to the CEO and Treasurer.

The Board of Directors is to endorse annual budgets prior to the commencement of the financial year.

5.1.2 Developing Budgets

Budgets are developed based on informed estimates, rather than guesses, of the income and expenditure items. Income may be informed by funding contracts and grants, membership subscriptions, donations, training and event fees, and interest earned. Expenses may be informed by actual quotes, previous years' amounts adjusted, or comparative amounts from outside the organisation. All budgets are to:

- Present a true cash flow position that does not confuse or mislead an audit trail;
- Be inclusive of all known and planned income and expenditure;
- Allocate funds solely for the organisation's purpose and approved strategies;
- Allocate restricted or tagged funds for designated purposes only;
- Ensure projected income meets projected expenditure;
- Be developed using the organisation's approved budget template; and
- Include explanatory notes as required.

5.1.3 Monitoring and Reporting Budgets

All budgets and performance against budgets are reported to, and reviewed by, the Board on a monthly basis.

In addition to monitoring and tracking, all budgets are formally reviewed, and adjusted if necessary, at the six-month period, allowing for any major miscalculations or changes to the budget to be amended. A record of the changes and their rationale is maintained.

5.2 Project Budgets

Separate budgets are developed for specific projects or activities, and or where income is in the form of restricted or tagged funds.

Where possible under the conditions of the grant or funding, specific projects and activities require the allocation of a management fee to the organisation's operating budget to cover administrative costs of supporting the project/activity, such as electricity, printing, IT support, rent and general postage.

Specific project and activity management fees are determined by the CEO from time to time but **will not be less than 10%**.

One-off funding received for the purchase of equipment will not incur a management fee.

SECTION 6: ACCOUNTING PRACTICE

6.1 Accounting Standards

The organisation's accounting practice is informed by and aligns with the Australian Accounting Standards¹. New accounting standards AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-profit Entities become effective for accounting periods commencing on or after 1 January 2019.²

6.2 Chart of Accounts

The organisation develops and maintains an organisation-specific standard chart of accounts based on the Standard Chart of Accounts³. The standard chart of accounts is applied to all accounting practice(s) of the organisation.

The organisation's standard chart of accounts contains the following groupings:

- Income
- Assets
- Liabilities
- Equity
- Cost of Goods Sold
- Expenses.

6.3 Costs

Costs refer to the value of resources required by the organisation to achieve its strategic goals. The organisation distinguishes between direct, indirect, fixed and variable costs as part of budget development.

The organisation depreciates purchased physical items which are expected to have a longer life, in order to spread cost over a period of time that is longer than the budget period.

Physical items to be depreciated are those with a value of **\$500** or more.

Physical items to be depreciated include:

- Buildings,
- Motor vehicles,
- Computer infrastructure,
- Computer operating equipment,
- Office equipment,
- Outdoor equipment and tools.

¹ Australian Accounting Standards Board, Australian government

² These accounting standards are set to bring about some significant changes to the revenue and income recognition practices of not-for-profit (NFP) entities. AASB 15 changes revenue recognition from the current "transfer of risks and rewards" model to a "transfer of control" model. AASB 1058 is expected to more closely reflect the economic reality of the underlying transaction and will replace the vast majority of AASB 1004 Contributions.

³ National Standard Chart of Accounts, April 2010, Australian Charities and Not for Profit Commission

6.4 Accounts Payable

Accounts payable are managed as outlined below:

- All accounts are paid on time and advantage is taken of early payment discounts.
- Organisation payments are made in accordance with endorsed budgets.
- Authorisation for purchases is according to the authorised delegation limits.
- Purchase or expenditure not included in endorsed budgets and/or not within the CEO's delegation require approval from the Treasurer.
- Purchase documentation must include a valid Tax Invoice. Payments will not be made in the absence of a valid Tax Invoice.
- Currently, DCI does not use a Purchase and Payment Authority Form. If such a form is introduced in the future, all completed sections of the Purchase and Payment Authority Form are to include:
 - Item/service being purchased
 - Name of supplier (who the payment is going to)
 - Supplier reference (i.e. invoice number)
 - Authorised dollar amount
 - Expense account code and title
 - Project/budget/cost code which is incurring the expense
 - Payment method
- If a statement or payment reminder notice is issued to the organisation, payment cannot be made without a copy of the original invoice.
- Complete and accurate purchase records are made in the organisation's electronic accounting system and hard copy filing system by the Administration Manager.
- Purchase records are to be entered at least weekly.
- All payments are made by electronic banking.
- Blank cheques must never be signed.
- Single item purchases must not be split over more than one Tax Invoice for the purpose of avoiding authorised sign-off by the appropriate signatory.

6.5 Accounts Receivable

6.5.1 Managing Accounts Receivable

All sales and revenue-producing activity of the organisation is recorded fully and accurately in the organisation's accounting systems.

Upon confirmation of a sale/payment, a customer record and fully detailed invoice is created in the electronic accounting system.

Sales must remain open until payment is received, the sale cancelled or the CEO determines it is to be written off as a bad debt.

6.5.2 Managing Debtors and Outstanding debts

A debtors list is produced and reviewed monthly by the CEO with the assistance of the Administration Manager to monitor debts.

Debtors are to be provided with communication reminding them of their debt according to the following timeframes after payment was due:

Week 1	Copy and resend invoice with a reminder notice
Week 2	Follow-up phone call
Week 3	Debtors letter No. 1
Week 4	Debtors letter No. 2
Week 5	Place with collection agency.

All practical means are undertaken to recover outstanding debts due to the organisation.

Debts are to be written off only when all reasonable attempts at recovery have taken place and recovery has proven to be unsuccessful and further action is either not cost-effective or highly unlikely to succeed.

Approval for debts to be written off must be provided by the CEO or Treasurer.

All debts that have been written off are reported to the Board in the CEO's Monthly Report.

The organisation imposes the following limitations on debtors:

- Any booking will be cancelled unless all debts are paid.

Debt that has been written off is considered an expense item for accounting purposes.

6.6 Reconciliation

The CEO ensures monthly reconciliations and all figures presented in the monthly management report are reconciled. Reconciliations are made available to the Auditor and the Board on request.

Bank statements are reconciled monthly by the Administration Manager.

Reconciled bank statements are verified by the CEO monthly.

6.7 Cash Flow Management

Cash flow is monitored to ensure the organisation has sufficient funds available to pay its bills and prevent trading while insolvent.

The organisation develops and maintains a cash flow forecast which is included in financial reporting and review by the Board of Directors.

The following cash flow management practices must be adhered to:

- Cash is banked within one week,
- Bank statements are reconciled monthly, and
- Payment from debtors is attained as quickly as possible.

6.8 Staff and Board Member Reimbursement of Expenses

The organisation provides timely reimbursement of staff expenses and ensures these transactions are duly documented and authorised, using a system which captures details of staff expenditure and associated authorisations.

All reasonable out of pocket expenses incurred by staff while performing business will be reimbursed by the organisation. Out of pocket expenses include but are not limited to parking, taxis, hire cars and hire car fuel, airfares, accommodation and meals, meeting/entertainment expense, incidental office consumables and incidental travel costs. Where these out of pocket expenses are greater than \$100, a staff member must seek approval prior to expenditure by phone, text or email to the CEO.

Reimbursement for the use of a private vehicle for business will be reimbursed at the rate per kilometre allowable by the ATO.

All staff reimbursement claims must be supported with appropriate documentation, e.g. a receipt or paid invoice.

Board Member Reimbursement

Board Members may incur costs associated with the undertaking of DCI related activities. Wherever possible, Board expenditures should be pre-approved by the Board. All necessary and reasonable expenses incurred by Board members on behalf of the organisation may be reimbursed at the request of the Board member, or may be taken as an in-kind donation that is tax deductible.

The costs a Board member may incur include:

- Airfares to attend Board or sub-committee meetings,
- Taxi Fares to attend Board or sub-committee meetings,
- Car expenses to attend Board meetings, Board Sub-committee meetings, DCI properties (e.g. Sine Cera Rainforest Retreat),
- Telephone or internet expenses related to DCI activities.
- Airfares related to DCI-funded projects, and
- Travel expenses related to Board-approved conferences.

The Finance and Insurance Sub-committee approves such reimbursements over \$500 unless the Board member intends to make it an in-kind donation.

Board Members are required to provide evidence of the expenditure, e.g. receipts and paid invoices.

In order to facilitate the timely reimbursement of expenses and to ensure these transactions are duly documented and authorised, a summary of expenses and in-kind donations (based on receipts and paid invoices) will be maintained by the CEO and sent to each Board member at the end of June each year.

Reimbursement for the use of a private vehicle for DCI business will be reimbursed at a rate per kilometre allowable by the ATO.

Staff Reimbursement

The CEO is responsible for authorising individuals to act as representatives of the organisation in incurring expenditures.

Approval in principle to incur expenditure over \$100 should be sought in advance from the CEO where possible (not an emergency), or in his/her absence, the Chair of the Board's Finance and Insurance Sub-committee.

Staff and Board members incurring expenses either as a result of carrying out work, or purchasing materials on behalf of the organisation are entitled to reimbursement of approved expenses (refer to Section 7 – Staff and Board Member Business Expenses).

Expenses are reimbursed only once the relevant Tax Invoices/receipts are received and approved by the delegated authority.

Expenses are reimbursed for costs incurred in the current financial period, allowing up to three months after the close of the financial year; claims received after this time are not reimbursed.

Expenses are reimbursed by electronic funds transfer to the staff member's nominated account.

At the discretion of the person involved, expenses that are not reimbursed can be claimed as a tax deduction and a tax-deductible tax receipt will be issued. All such tax-deductible in-kind donations are recorded by the CEO in a spreadsheet to ensure transparency.

6.9 Petty Cash

No Petty Cash system operates. All expenditures and reimbursements are made through bank transfers upon receipt of a paid tax invoice or receipt.

The organisation does not normally maintain a petty cash float for the payment of small, individual business purchases that are of a dollar value that does not warrant an alternative purchase method.

If a petty cash float is ever required, all payments from petty cash require a legible receipt that directly relates to and details the purchased item/s.

All payments from petty cash are recorded in Petty Cash Register or Petty Cash Docket Book].

Petty cash records are reconciled and filed on a monthly basis.

Petty cash is managed by the Administration Manager.

6.10 Organisation Credit and Debit Cards

DCI has a policy of not using credit cards.

DCI maintains business debit cards on its main MCI Accounts to expedite the booking of flights, online purchases, fuel and accommodation and the purchase of supplies and other expenditure.

DCI's debit cards are held by the CEO. All debit card purchases must be accompanied by a tax invoice for the purchase.

DCI provides two debit cards (Dharma Care & ICDP) to facilitate efficient purchase and payment of goods and services relating directly to the business of the organisation.

The Finance and Insurance Sub-committee determine the staff positions that are eligible to use organisation-provided debit cards based on position responsibilities, delegation level and efficiency benefits.

Organisation-provided debit cards:

- are to be used only for purchase and payment of goods and services relating directly to the business of the organisation.

All receipts and records must be provided for each debit card purchase/payment.

Monthly bank debit card reconciliations are undertaken as part of the MYOB reconciliation process. All debit card purchases must be accompanied by an invoice / receipt.

Staff members provided with an organisation card are responsible for maintaining the security of the card. In the case of loss or theft of the card, staff members must immediately contact the CEO who will then arrange for cancellation of the card.

Any use of debit cards that does not comply with this policy may be dealt with as fraudulent or irregular practice.

Current Debit card holders: the CEO has been issued with the two debit cards (Dharma Care and ICDP).

6.11 Organisation Fuel Accounts

The organisation does not currently provide fuel cards to facilitate efficient purchase and payment of fuel for the organisation's owned and/or leased motor vehicle/s. If such a practice were introduced, the following procedures would apply.

Individual fuel cards are allocated for each motor vehicle and are to be used to purchase fuel for that vehicle only.

Fuel cards used to purchase and pay for fuel for non-organisation owned or leased vehicles, including for personal use, may be dealt with as fraudulent and irregular practice.

All receipts and records must be provided for each fuel card purchase/payment. Receipts are to be attached to monthly fuel card statements for reconciliation, verification and approval.

Monthly fuel card statements must be reviewed and approved by the CEO.

6.12 Organisation Taxi Accounts

The organisation does not provide taxi payment cards to facilitate efficient payment of travel undertaken in taxis relating directly to the business of the organisation. If such a practice were introduced, the following procedures would apply.

The Board of Directors and CEO determine the staff positions that are eligible to use organisation-provided taxi cards based on position responsibilities and efficiency benefits.

Taxi cards used to pay for travel other than that related directly to the business of the organisation, including for personal use, may be dealt with as fraudulent and irregular practice.

All receipts from taxi travel must be provided for each trip. Receipts are to be attached to monthly taxi card account statements for reconciliation, verification and approval.

Monthly taxi card statements must be reviewed and approved by CEO.

Where taxis are not available, alternative ride-sharing companies may be used provided receipts are made available.

SECTION 7: PROCUREMENT AND PURCHASE

DCI is committed to ensuring that all purchases are cost effective and free from corruption, fraud and conflict of interest. Contract templates authorised by the Finance and Insurance Sub-committee are used for the retaining of consultants, contractors and volunteers. Purchase orders are issued for the purchase of assets in order to mitigate the risk inherent with these transactions.

Staff endeavour to source the most cost-effective goods and services with regard to price, quality, reliability, service, delivery and efficiency. Purchases over \$1,000 are made on the basis of the best value for money from at least two quotations.

Project and program managers are authorised to incur expenditure that corresponds to the line items in the agreed budget in their project or program portfolios.

Unbudgeted expenditure is subject to the approval of the CEO or, in his/her absence, the Chair of the Board's Finance and Insurance Sub-committee.

Authority to engage a consultant, contractor or volunteer is subject to approval in principal by the CEO and the authorisation of the relevant contract by the CEO.

All asset purchases greater than \$2,000 in value are subject to the approval in principal of the the Chair of the Board's Finance and Insurance Sub-committee in consultation with the Asset Management Sub-committee.

All purchases must be supported with a tax invoice.

7.1 Services and Consultancy Procurement

Developing a procurement strategy and adopting appropriate best practice contracting and procurement principles, policies and procedures for all goods, services and works by DCI, will enhance achievement of the objectives and sustainability of the organisation.

In purchasing goods and services; DCI aims to obtain the best value for its expenditure of funds. Procurement of goods and services over \$5,000 will involve the investigation of more than one supplier and comparison of the quality and price of the available goods or services. Exceptions may be made for long-term contract renewal to guard against loss of expertise – for example, the services of the Sine Cera Manager.

7.1.1 Goods

Purchases of goods over \$2,000 require two (2) independent quotes.

7.1.2 Engaging Consultants and Contract staff

It is DCI practice to contract out work rather than employing staff. For example, contract staff are used to manage and provide other services at Sine Cera Rainforest Retreat, and to provide administration and marketing expertise to Dharma Care.

The factors to be taken into account when deciding to contract out work include:

- a project being time limited and/or needing specialist skills,
- impact on resources on-site,
- availability of skills required to complete the project within the organisation
- value for money, and
- project managers may authorise expenditure under **\$200** for each transaction and are not required to produce a contract.

7.1.3 Supplier Engagement

When seeking to contract out work, DCI will seek expressions of interest from appropriate contractors through a selective invitation process. Prospective contractors will be given a brief of the tasks to be undertaken and the basis on which that work will be undertaken that will include DCI's Mission and Values, other relevant policies and procedures, and a copy of the Contractor Agreement. Depending on the nature of the work, the contractor will be asked to provide a quotation, an hourly rate or a project plan, budget. The contractor will also be asked to provide evidence of relevant skills and resources needed to undertake the project.

DCI may use the expression of interest process to establish an ongoing relationship with a preferred supplier for specified goods or services. A preferred supplier will retain this status for a period of six (6) months and will be subject to internal senior management review. This action will be recorded in the Compliance Register.

Procurement of services for amounts over **\$5,000** will require an Expression of Interest.

Procurement services under **\$5,000** may be selected from the pre-qualified list of consultants and service providers.

When a consultant or contractor is engaged, the CEO and/or Manager will sign off on the consultancy agreement which will be countersigned by the consultant or contractor. The agreement will cover:

- contract term,
- arrangements for payment on agreed milestones will detail percentage and dollar amounts,
- role descriptions,
- ABN of the supplier / contractor,
- confidentiality,
- project management,
- key contact persons,
- insurance,
- intellectual property,
- variations to the contract,

- resolution of disputes, and
- termination of the contract.

SECTION 8: STAFF AND BOARD MEMBER BUSINESS EXPENSES

8.1 Travel and Transport

The organisation reimburses staff and Board members for travel expenses incurred while undertaking approved business directly related to the organisation. Expenses may include:

- air, train, taxi, bus, ride sharing services and other transport,
- vehicle hire,
- fuel,
- telephone,
- internet,
- DCI-related purchases, and
- travel insurance.

Where possible, payment for approved travel arrangements is made prior to the event, and using the organisation's accounts for EFT or debit card transactions.

Receipts or ticket butts must be made available if reimbursement is required.

Board members may opt to donate their expenses to Dharma Care in which case they will be provided with a tax donation receipt.

8.1.1 Air Travel

All business-related air travel is to be paid directly from the organisation's bank account, unless approved otherwise by the CEO or the Chair of the Finance Subcommittee under emergency circumstances.

All business-related air travel is to be economy class. A staff or Board member may upgrade to either business or first class using their own funds/resources.

8.1.2 Vehicle Hire

Vehicle hire can be pre-booked on company debit cards when approved; however, pre-payment is often not possible, so staff may need to pay with personal funds and apply for reimbursement from the organisation.

When pre-booking and assessing hire costs, staff will consider the type of vehicle required, number of days it is required and cost of appropriate insurance. An approximation of total amount will be provided to the relevant supervisor for approval.

Reimbursement will only be made for the period where business directly related to the organisation was undertaken (including travel to and return), and when all receipts are provided, including additional fuel charges.

8.1.3 Public Transport and Taxis

Where public transport is unavailable and/or unsafe and it is more economical to do so, the use of taxis, hire vehicles or ride-sharing services is recommended. See Section 6.12 for more information on the organisation's taxi accounts.

8.1.4 Personal Vehicle Use

Where public transport, taxi or hire vehicle is unavailable and/or unsafe, and it is more economical and/or convenient to do so, staff or Board members may elect to use their own private motor vehicle to undertake business directly related to the organisation. Approval from the CEO or the Chair of the Finance Subcommittee for staff and Board members to use their own private motor vehicle is required in advance of the intended travel.

Where approval has been given for staff and Board members to use their own private motor vehicle to undertake business directly related to the organisation, fuel expenses will be reimbursed at a rate of current ATO 'cents per kilometre' rates.⁴ A spreadsheet will be maintained by the Administration Manager to record all such expenses.

Claiming and/or approving reimbursement for expenses for private travel may be dealt with as fraudulent and irregular practice.

8.2 Accommodation

The organisation reimburses staff and Board members for accommodation expenses incurred while undertaking approved business that is directly related to the organisation.

Where possible, approved travel arrangements and payments are made prior to the event, using the organisation's accounts for EFT or debit card payment.

Staff are to consider the maximum spends tabled below regarding accommodation prior to making any booking. Any rates that exceed those below may not be reimbursed in full unless approved in writing by management.

Accommodation expenses are reimbursed at the current ATO travel allowance rates⁵

8.3 Meal Allowances

The organisation reimburses staff and Board members for meal expenses incurred while travelling away from home to undertake approved business directly related to the organisation.

Meal expenses are reimbursed at the following rates:

Breakfast and lunch	\$40 per meal
Dinner	\$50 per meal

8.4 Miscellaneous Expenses

The organisation may reimburse staff and Board members for miscellaneous expenses incurred while travelling away from home to undertake approved business directly related

⁴ Current ATO 'cents per kilometre' rates can be found at the ATO website

⁵ Current ATO travel allowance rates can be found at the ATO website

to the organisation. Such costs will be discussed with the CEO or Chair of the Finance Subcommittee and where possible arranged prior to travel. Miscellaneous expenses might include laundry costs, travel support items, emergency breakdown costs.

8.5 Delegation

Approval for staff and Board member reimbursement is the responsibility of CEO or Chair of the Finance Subcommittee.

SECTION 9: STAFF SALARY AND BENEFITS

9.1 Staff Payroll

All DCI personnel are employed on a renewable contract basis. No payroll requirements apply.

DCI uses contractors and does not employ staff but if it does at some point in the future, the following procedures would apply.

The organisation makes fortnightly or monthly payroll deposits into the staff member's elected bank account.

Payroll is made strictly according to staff members' employment contracts and is inclusive of any loading, penalty, or other entitlement payments.

The organisation makes the minimum superannuation payment required (currently 9.5% until 2021), and any additional requested superannuation payment on behalf of staff members.

A record of any bonus or incentive payments made to the staff member is retained by the organisation. This record includes the amount details and the signed authorisation as per delegation authority.

A record of all payroll payments is securely retained for the required period.

9.2 Approved CEO Expenses

The CEO is authorised by the Board to be reimbursed or use the organisation's debit card for the following budgeted expenses:

- Personal telephone and internet up to \$200 per month,
- Personal motor vehicle fuel expenses up to \$200 per month,
- Personal motor vehicle service and repairs up to \$100 per month,
- Computer and photocopier equipment and repair up to \$100 per month,
- Food and drinks for meetings with staff, suppliers and consultants up to a maximum of \$100 per month; and
- Other expenses as approved by the Chair of the Finance Subcommittee.

9.3 Staff Salary Packaging

DCI does not employ staff but if it does at some point in the future, the following procedures would apply.

The organisation may offer salary packaging to paid staff members (refer to the Human Resources Policy for details).

SECTION 10: ASSET MANAGEMENT

DCI will deploy an Asset Management Policy to ensure its assets are well maintained and their value optimised. The policy includes a requirement for an asset register to ensure the security of its assets.

10.1 Asset Acquisition

Only assets that support the organisation in working towards its mission and objectives are to be purchased.

Asset acquisition is based on consideration of whether the asset:

- will provide significant, direct and tangible benefit to the organisation,
- does not exist or could not be upgraded or adapted to meet the same purpose,
- is appropriate and cost-effective over its life,
- is compatible with existing equipment and will not lead to unwarranted additional expenditure,
- can be accommodated in existing space and facilities,
- is the most suitable and appropriate type, brand, and model, and
- the asset is within DCI budget or has been approved by the CEO up to \$5,000, or if over \$5,000, the Chair of the Finance Subcommittee.

Authority to purchase assets is in line with the organisation's financial delegation authority (refer to Section 2: Financial Security).

10.2 Asset Register

The organisation maintains an up-to-date and accurate register of all physical assets that have monetary value equal to or above \$200 or a life longer than 12 months or as determined by the Asset Management Sub-committee. The asset register will be part of an approved asset management software program.

Assets that are to be recorded on the asset register include:

- Computer and internet equipment, e.g. laptops, desktops, routers, servers, and back-up power generators,
- Software that is organisation-wide (and greater than the capitalisation limit), i.e. enterprise planning or accounting software,
- Office equipment, e.g. copiers and video equipment,
- Entertainment equipment e.g. televisions,
- Furniture and fixtures, i.e. office desks, storage infrastructure, air conditioning unit, alarm system,
- Real estate/property, i.e. cost of acquiring a building,
- Vehicles i.e. buses, trucks, trailers,
- Tools and outdoor equipment,

- Safety equipment,
- Kitchen equipment i.e. dishwashers, refrigerators, microwaves, ovens, , and
- Cultural collections, e.g. art works and cultural artefacts.

Each asset is to be recorded separately, except where multiple items combine to perform one function, e.g. computer system consisting of hard drive, monitor, keyboard and mouse.

The asset register is to record the following information for each asset:

- date of purchase,
- purchase cost,
- item serial number,
- make and model,
- description of the item, i.e. colour, size, etc.,
- location where the asset is/is stored,
- maintenance schedule, and
- disposal date and method of that disposal.

Records of all asset purchase orders, invoices, receipts, delivery dockets and warranty details are to be maintained in a central online or hard copy filing system.

All assets are to be checked at least annually to confirm they exist, are locatable, and are in good working order.

An annual asset maintenance program will be developed.

Roles and responsibilities of asset management are to be overseen as follows.

Position	Role
Asset Management Subcommittee	Monitor, review, recommend & report to Board on Asset Management Policy
CEO	Ensure compliance with Asset Management Policy & Procedures
Administration Manager	Assist in establishing the asset register, undertake annual audits of equipment. Enter new purchases into Asset Management software.
Sine Cera Manager	Implement asset maintenance program.

10.3 Asset Depreciation

Items costing less than \$500 are fully depreciated at the time of purchase.

All registered assets with a limited useful life are depreciated over the lifetime of the asset.

Asset depreciation and depreciation rates are reviewed and applied annually.

A record of all current and previous depreciation rates is maintained in the Record of Asset Depreciation Rates.

Assets that have been fully depreciated and have completed their estimated useful lifetime but are in good working order are to remain active on the asset register until these items are disposed of.

10.4 Asset Disposal

The disposal of all assets is to be done in a safe and clean manner, with consideration given to methods of selling, donating, reusing or recycling.

All asset disposals are to be recorded in the Asset Register.

Any proceeds from the sale of an asset are recorded in the organisation's financial records.

All asset disposals under a value of \$5,000 must be approved by the CEO; all asset disposals over a value of \$5,000 must be approved by the Asset Management Sub-committee.

SECTION 11: MONITORING AND REPORTING

11.1 Financial Statements

The organisation demonstrates its financial position through reporting of accurate, complete, relevant and transparent financial statements to the Board and stakeholders, as required.

Financial statements are a true representation of all financial transactions undertaken in the stated period.

Financial statements are prepared:

- in line with recognised good practice and in such a manner that they may be audited at any time if required;
- in a timely manner and are provided to the Board and external stakeholders within required timeframes; and
- around the financial year commencing 1 July and ending 30 June.

11.1.1 Cash Flow Statements

The organisation maintains monthly cash flow statements showing the organisation's actual cash inflows, outflows and balances.

Cash flow statements are used to determine the short-term viability of the organisation, particularly its ability to pay bills.

11.1.2 Balance Sheets

The organisation maintains a monthly balance sheet (also known as a statement of financial position) which provides a snapshot of the organisation's financial position or 'net worth' at a specific point in time.

The balance sheet is to detail the organisation's assets (what is owned), liabilities (what is owed), with the outcome of both collectively known as net assets.

11.1.3 Income and Expenditure Statements

The organisation maintains income and expenditure statements (also known as statements of financial performance) to determine the balance on both a monthly and/or annual period.

Income and expenditure statements are used to determine if current income is sufficient to sustain the organisation's operation, given the current amount of debt.

11.2 Accounting Records (Principle and Subsidiary)

The organisation maintains relevant principle and subsidiary records to support financial statements.

Principle accounting records maintained by the organisation are:

- Cashflow books – hard copy or electronic with record of all cash receipts and payments,
- General ledger record of all assets, liabilities, income and expenditure,
- General journal to record one-off transactions, especially at balance date,
- Register of members – both financial and non-financial, and detailing names, addresses and other information as required by relevant legislation,
- Petty cash records – [Petty Cash Register or Petty Cash Docket Book],
- Payroll and contractor payments,
- Statutory records – including minutes of all Board meetings, and
- Asset register

Subsidiary records maintained by the organisation are:

- Receipt books for any monies collected,
- Bank deposit books – not applicable,
- Cheque books – not applicable,
- Tax Invoices,
- Donations Register,
- Budget papers, and
- Strategic plans.

11.3 Annual Report

The organisation prepares an Annual Report at the end of each financial year for distribution to all members and stakeholders.

The Annual Report is prepared in time for presentation at the organisation's Annual General Meeting.

The Annual Report has the following content:

- Major achievements,
- Plans for the following year,
- financial statements – statement of financial performance, statement of financial position, statement of cash flows,
- notes to the financial statements,
- details of assets and liabilities,
- treasurer's report on the financial statements,
- auditor's report,
- membership list,
- charitable project reports,
- fundraising outcomes, and
- a narrative summary of significant financial activities and outcomes

11.4 Reporting Schedule

Monthly and summary year-to-date financial statements are provided to the Board for review and endorsement at each monthly Board meeting.

A record of all financial statements and reports provided to the Board is maintained, along with any endorsements, amendments or other decisions.

The CEO, supported by the Administration Manager, is responsible for preparing monthly and year-to-date financial statements and presenting these to the Board as part of the CEO's Management Report.

The organisation prepares and submits financial statements and reports to meet all contractual and compliance obligations.

The organisation's financial management contractual and compliance obligations are identified as part of the organisation's Compliance Register, detailing the response, reporting and timing requirements.

11.5 Financial Disputes

DCI welcomes information and feedback from its clients and stakeholders to improve the quality of its products and services, including the way in which it conducts financial transactions.

DCI considers the complainant's right to privacy and will handle complaints in a fair, equitable and timely manner.

Any dispute between the organisation and its contractors regarding the way in which it conducts financial transactions will be handled by referring the matter to the Finance and Insurance Subcommittee and the application of DCI's Disputes Resolution Policy.

Other disputes arising from the way in which the organisation conducts financial transactions will be handled using DCI's Feedback and Complaints Policy.

SECTION 12: FINANCIAL AUDIT

To satisfy the financial reporting requirements of the ACNC, the NSW Department of Fair Trading, State fundraising regulators and the organisation's Constitution, and Australian Accounting Standards as they apply to a non-reporting entity, DCI employs an accredited independent auditor to audit DCI's accounts for approval at the Annual General Meeting.

The appointment of an auditor is recommended by the Board Treasurer and ratified by the membership at the Annual General Meeting.

The Treasurer is responsible for overseeing the audit process.

12.1 Audit of Financial Records

The organisation is required to undergo an audit of all financial records and processes for each financial year.

The financial audit must be carried out by an independent and qualified auditor who is registered with either the Australian Institute of Chartered Accountants or the Australian Society of Certified Practising Accountants.

The financial auditor is given full and unhindered access at all reasonable times to all financial accounts, documents and records which the auditor considers necessary for audit purposes.

The **Chair of the Finance Subcommittee** and the CEO are available to support and clarify any queries the auditor may have in the course of the audit procedure, and to respond to any matters/deficiencies identified by the auditor.

The organisation ensures the following in all audit reports:

- Auditor's qualifications and registration number(s) of relevant professional body or Australian Securities Insurance Commission (ASIC),
- Report is presented on the auditor's letterhead,
- Statement that examination of the organisation's records has been completed in accordance with Australian Auditing Standards and has included substantive testing of the organisation's systems,
- List of financial statements which formed the basis of the report,
- Findings of the audit, and
- Auditor's signature and date which the report was certified.

The Board Treasurer presents the full and complete audit report for the previous year at the organisation's Annual General Meeting.

12.2 Selecting an Auditor

The financial auditor is to be appointed each year at the organisation's Annual General Meeting.

The financial auditor must not be a member of the Board or closely related to a member of the Board.

The current auditor shall be entitled to attend the Annual General Meeting.

Notice of intention to nominate an auditor to replace the current auditor is to be given to the Board's Secretary at least twenty-one (21) days before the scheduled Annual General Meeting.

SECTION 13: FINANCE RECORDS

13.1 Record-keeping

The organisation maintains records of all financial transactions and related documentation, reports, decisions of the organisation and the Board of Directors, compliance requirements met, and notices sent and received. See DCI Records Policy.

Financial record-keeping complies with all contractual and legislative requirements.

Record-keeping applies to any financial information on computers, network servers, back-up systems, hard-copy filing and electronic and hard-copy archiving systems. Financial records are maintained in an organised filing system which facilitates the easy placement and location of documents.

Financial records include:

- Any financially related correspondence,
- Bank statements,
- Purchase documents,
- Sale documents,
- Donations,
- Outstanding bills,
- Paid bills and receipts,
- Asset records, including instructions and guarantees/warranties,
- Equipment and motor vehicle lease documents,
- Insurance,
- Cash book – record of receipts and payments,
- Statutory information – constitution, budget and minutes,
- Compliance records,
- Payroll, and
- All contractual arrangements where there is a financial transaction

The organisation retains financial records for the required contractual and legislative period, prior to these records being securely destroyed.

13.2 Record Security

Financial records are to be securely maintained, with measures in place to restrict access only to personnel with delegated authority. See DCI Confidentiality Policy and DCI Data Management Policy and DCI Privacy Policy.

The safe and secure disposal of financial records is undertaken by the Administration Manager on instruction from the CEO after consultation with the Finance and Insurance Sub-committee e.g. shredding all documents to render them illegible or contracting out the secure disposal to recognised providers.

SECTION 13: FINANCIAL RESPONSIBILITY & LITERACY

The DCI Board is ultimately responsible for the financial management of all activities.

The Board will have at least one member who has skills and experience in financial management in order to guide and monitor DCI operations.

All members of the Board will be made familiar with their financial responsibilities in overseeing a charitable organisation prior to appointment and during their tenure. This will be achieved through their induction process, by their attendance at webinars and the provision of relevant information to the Board and staff by the Treasurer and CEO to assist them in understanding financial statements and how to assess the financial health of DCI.

DCI maintains an internal process to notify Board members and key staff of training opportunities to maintain financial literacy and currency. Resources from the Australian Charities and Not-for-profit Commission and other not-for-profit organisation are used for this purpose.

SECTION 14. INTERNAL REFERENCES

14.1 Supporting Documents

- Asset Register
- Asset Depreciation Register

14.2 Related Policies

- Asset Management Policy
- Compliance Management Policy,
- Charitable Project Management Policy
- Confidentiality Policy,
- Conflict of Interest Policy,
- Data Management Policy,
- Fundraising Policy,
- Governance Policy,
- Human Resources Policy,
- Records Policy,
- Privacy Policy,
- Program Management Policy,
- Risk Management Policy.
- Service and Program Operations and
- Whistleblower Policy.

14.3 Internal Resources

- DCI Operations Manual
- DCI Board Professional Development Resources at DCI Dropbox>Board Resources
- DCI Board – Information for Nominees at DCI DropBox>Board Meetings & AGM>AGM

SECTION 15: EXTERNAL REFERENCES

The following resources are available to Assist the Board and the Finance and Insurance Subcommittee understand their financial roles and responsibilities.

15.1 Legislation

- Associations Incorporation Act 2009 (NSW)
- Co-operatives Act 1982 (NSW)
- Corporations Act 2001 (Commonwealth)
- Electronic Transactions Act 2000 (NSW)
- Crimes Act 1900 (NSW)

15.2 Websites

- Australian Accounting Standards: <http://www.aasb.gov.au>
- Australian Business Register: <http://www.abr.business.gov.au>
- Australian Tax Office: <http://www.ato.gov.au>
- Australian Federation of Employers and Industries: <http://www.afei.org.au>
- NSW Office of Fair Trading: <http://www.fairtrading.nsw.gov.au>
- NSW Office of Industrial Relations: <http://www.industrialrelations.nsw.gov.au>
- Australian Charities and Not-for-profits Commission: <https://www.acnc.gov.au/>
- Australian Charities and Not-for-Profit Commission: <https://www.acnc.gov.au/for-charities/manage-your-charity/managing-charity-money>

Financial Education and Support

- Accounting for Good: [Free support centre for non-profit organisations](#)
- Australian Taxation Office: [Manage your invoices, payments and records](#)
- Business Victoria: [Cash flow forecasting](#)
- Davidson Institute: [Financial Education \(videos\)](#) and [Guide for Community Board Members](#)
- OurCommunity: [Cash flow management](#)
- Pro Bono Australia: [Cash Flow Forecasting for NFPs](#)
- Australian Taxation Office: [ATO Definitions](#)
- OurCommunity: [Financial help sheets and resources](#)
- OurCommunity: [Damn Good Advice for Treasurers – Twenty-five questions a not-for-profit Treasurer needs to ask](#)
- OurCommunity: [Damn Good Advice for Board Members: Twenty-five questions a not-for-profit board member needs to ask about the finances](#)
- CPA Australia poDCIast
- A Guide To Understanding The Financial Reports Of Not-For-Profit Entities (2014), CPA Australia
- Financial management of not-for-profit organisations (2012), CPA Australia,

- Incorporated Associations: Reporting and auditing obligations (2014), CPA Australia
- Damn Good Advice for Treasurers (2014), Our Community Pty Ltd.
- Financial reporting for charities (2014), Not-for-profit Law, Justice Connect
- Guide for Community Board Members (2013), Westpac Banking Corporation
- Guide for Community Treasurers (2013), Westpac Banking Corporation
- Record keeping for small business, 2012, Australian Taxation Office
- Protecting your organisation against fraud (2011), CPA Australia
- Internal Controls for Not for Profit Organisations (2015), CPA Australia
- Whistleblowing at your not for profit – a leaders guide (2017) Our Community; Your Call
- Charities, A Guide to Financial Reporting and Assurance requirements, (2013) CPA Australia
- Damn Good Advice on Cyber-safety and Fraud Prevention: (2017) Our Community

APPENDIX 1 – DESIGNATED EXPENDITURE LIMITS

Expenditure Type	Position	Expenditure Limit per annum	Designated Person Above Expenditure Limit	Expenditure Limit per annum	Designated Person Above Expenditure Limit	Notes
Board Expense Reimbursements	Board member	\$500 per Board member	Fin & Ins Sub-cee	\$1,000	Board	Prior Board approval required. Expense Claim Form & receipts
All operating expenditure not in the DCI budget.	CEO	\$5,000	Fin & Ins Sub-cee	\$10,000	Board	Ensure cost cost-effective goods and services with regard to price, quality, reliability, service, delivery and efficiency. Purchases over \$2,000 require 2 quotations.
All asset expenditure not in the DCI budget.	CEO	\$5,000	Fin & Ins Sub-cee	\$10,000	Board	Requires 2 quotations. Consult with Asset Mgt Sub-committee
All contracted services not in the DCI budget	CEO	\$5,000	Fin & Ins Sub-cee	\$10,000	Board	Requires 2 quotations. Exceptions: renewal of long-term contracts to avoid loss of DCI-specific experience – e.g. Sine Cera Manager.
All Sponsorships not in the budget	CEO	\$5,000	Fin & Ins Sub-cee	\$10,000	Board	Contract required.
All Grant and funding agreements not in the budget	CEO	\$5,000	Fin & Ins Sub-cee	\$10,000	Board	Contract required.
All CEO Expenses not in the budget:	CEO	\$5,000	Fin & Ins Sub-cee	\$10,000	Board	
All Sine Cera operating expenditure not in the budget	SC Mgr	\$2,500	CEO	\$5,000	Fin & Ins Sub-cee	Use of the following DCI accounts: Harley & Co, The Saw Spot. Exp over \$10k goes to the Board.
All private vehicle use not in the budget	Staff	\$300	CEO	\$5,000	Fin & Ins Sub-cee	Approval from CEO required prior to use. Reimbursed at a rate per kilometre allowable by the ATO. Expense Claim Form & receipts. Exp over \$10k goes to the Board.
All Staff Expenses Reimbursements not in the budget	Staff	\$300	CEO	\$5,000	Fin & Ins Sub-cee	Expense Claim Form & receipts Exp over \$10k goes to the Board.
All Investments above the budget	Fin & Ins Sub-cee	\$5,000	Fin & Ins Sub-cee Risk Mgt Sub-cee	\$10,000	Board	
Note 1: The above expenditure limits apply for non-budget items or expenditures above budgeted amounts.						
Note 2: Each designated approver of additional expenditure must take into account the organisation's ability to pay.						
Note 3: Any budgeted or non-budgeted expenditure that could put at risk DCI's solvency, must be referred to the Board.						

