

Aro Valley Community Council Incorporated (AVCC)

Financial Policy and Procedure

April 2013

1. Rationale

The AVCC Financial Policies and Procedures outlines the Aro Valley Community Centre's business and financial policies. The AVCC has the authority to approve business and financial policies.

2. Cash Handling

2.1. Preamble

Accountability for all cash transactions and custody of cash is of paramount importance. The AVCC Committee delegates responsibility for cash handling systems to the AVCC centre co-ordinator. The AVCC treasurer monitors the internal controls of cash handling.

2.2. Cash Handling, Deposits and Receipting Function

The cash handling function is as follows:

2.2.1. Banking

The AVCC will bank with Kiwibank Business Banking. Accounts will be held in the name of the AVCC. The following accounts will be maintained:

- Kiwibank Check Account 00 - AVCC
- Kiwibank Check Account 01 - LIQUID/ON CALL
- Kiwibank Check Account 02 - SERIOUS SAVER

The bank mandate and any changes to it will always be improved and recorded by the committee. The bank accounts may be operated by the treasurer and both co-chairs as joint principals, and the co-ordinator and accounts clerk as authorised persons.

The AVCC will require the bank to provide statements every month and these will be reconciled with the cash books at least every three months and the treasurer will check that this reconciliation has been done at least twice a year and certify the cash book accordingly.

The AVCC will not use any other bank or financial institution or use overdraft facilities or organise a loan without the agreement of the committee.

2.2.2. Cash Collections

The collection, control, and deposits of amounts due to the AVCC from cash sales, collection of accounts receivable and other sources are the responsibility of the Co-ordinator. The co-ordinator is also responsible for:

- developing and maintaining a petty cash system;
- developing and maintaining a system for depositing cash;
- collection and custody of cash and recording the same in the deposit book;

- developing and issuing specific cash handling procedures;
- generally supervising all cash handling operations and ensuring this is recorded;
- coordinating with the treasurer.

All cash and cheques received must be receipted and deposited, in accordance with the AVCC procedures.

The deposit book, receipt book and chequebook must be secure and locatable by the treasurer.

2.2.3. Petty Cash Funds

The Treasurer and the Co-ordinator make available, as necessary, petty cash funds of nominal amounts for the purchase of miscellaneous and incidental items of small value.

- Audit:

The co-ordinator must maintain appropriate records on a daily basis, as petty cash fund is subject to audits by the treasurer. Audits may be scheduled or unannounced.

- Expenditure from Petty Cash Funds:

No single purchase may exceed \$100. Simultaneous purchases (stringing) may not be made to circumvent these limitations.

No petty cash expenditure is permitted for personal services, meals, or travel expenses unless the AVCC committee has given prior approval.

Petty cash funds cannot be used for cashing personal checks or for travel advances. Local transportation charges may be reimbursed from petty cash.

All petty cash transactions must be recorded in the receipt book.

- Loss of funds:

The co-ordinator may be held personally responsible for any loss of petty cash as a result of fraudulent or negligent actions. Loss of petty-cash due to circumstances beyond the control of the co-ordinator is repaid from the AVCC's budget or other available operating funds.

- Reconciliation:

The co-ordinator must insure that the cash is reconciled and a file of all reconciliations is maintained.

2.2.4. Reimbursements

For reimbursement of costs incurred on behalf of the AVCC, pre-approval from the Management Committee is required. Reimbursement of expenses greater than \$250 requires pre-approval from the AVCC Committee. When the AVCC considers pre-approval and a project involves several payments, all payments must be considered together.

3. Annual Operating Budget

The annual operating budget of the Aro Valley Community Centre is a statement of proposed expenditures for a particular financial year. The AVCC financial year runs from 1 April to 31 March.

3.1. Budget Summary

The Budget Summary is a proposed plan of action for the Centre's programmes and initiatives. It identifies the proposed sources of funds to finance programmes, and the function of the programmes (for example, instruction, research, or public service).

When approved by the AVCC Committee, it authorises the AVCC to collect and apply the revenue to the appropriate activities.

The budget operating function utilises a computer budget operating system that updates, maintains, and monitors the operating budget throughout the financial year.

The budget also provides all levels of management with an effective analytical tool for measuring estimates against actual results.

3.2. Annual budget documents

Treasurers Report

A Treasurer's Report will be presented annually to the AVCC at their AGM.

Previous year's auditor report and financial statements, and the current year's budget will be presented to the AGM as the Treasurer's Report. The Treasurer's Report reflects the planned operating revenues and expenditures of the Centre for the fiscal year. Expenditure authority is granted to the AVCC upon Committee approval of the Budget.

4. Operations

4.1. Responsibility

The Accounts Clerk and Treasurer have responsibility and authority for the day-to-day operations of the revenue and income of the AVCC.

Revenue

Our revenue is from a variety of sources such as:

- Grants
- Contracts
- Interest and
- Hall Hire

It is the responsibility of the co-ordinator to arrange for an annual audit of the accounts following the closure of the financial year.

4.2. Reporting

The Treasurer should present a monthly report to the Committee, which shows income and expenditures for the month, and year-to-date progress against the annual budget.

4.3. Signature authority

Authorised Committee members [co-chair(s) and treasurer] may delegate authority to sign official financial documents to other responsible employees under conditions approved by the Committee. Such delegation does not relieve any officers of the responsibility for any action taken.

4.3.1 Transactions

All financial transactions require approval from two authorised persons:

- Cheques must be signed by two people – one of those people can be the Co-ordinator or

the Accounts Clerk (but not both). The other must be a principal signatory

- Electronic transactions must be approved by a principal signatory, after being initiated by the Accounts Clerk or Co-ordinator.
- Transactions of amounts greater than \$1000 must be approved by the AVCC Committee.
- Where a project involves several payments, these payments must be considered together when deciding what level of authorisation to obtain.

4.4. Changeover of signature authority

It is the Co-ordinator's responsibility to ensure that the appropriate Community Council members, *i.e.* co-chair(s) and treasurer, are authorised to sign official financial documents. This includes access to bank accounts and checks. It is also the co-ordinators responsibility to ensure the transfer of signatory authority to any newly appointed co-chair(s) or treasurer following an AGM, within one month of a change in any of these appointments.

4.5. Accounts Management

The opening and closing of bank accounts needs approval of the AVCC committee.

5. Investments

The AVCC have the power to invest in any real or personal property. In doing so, they must take into account the following obligations:

- They must comply with the terms of the AVCC constitution;
- They must invest prudently by exercising "the care, diligence, and skill that a prudent person of business would exercise in managing the affairs of others", and
- When making investment decisions consider the desirability of diversifying investments, the need to maintain the real value of investments, the risks of losses and the potential to gain, the length and term of the investment, the marketability of the investment, the effects of inflation, the interests of members and the desirability of periodically and regularly reviewing the AVCC's investments.

Approved in AVCC Meeting Dated:

Approved _____ (Date) _____

AVCC Co-Chair

Approved _____ (Date) _____

AVCC Co-Chair