

Financial Management Policy



Policy number	POL004	Version	A
Drafted by	FOP Australia Board	Approved by Board on	13/08/2019
Responsible person	FOP Australia Board	Scheduled review date	13/08/2022

INTRODUCTION

FOP Australia must demonstrate responsible stewardship of donated funds and manage finances according to the goals of the organisation. The Board of FOP Australia is responsible for overseeing the budget of the organisation and for ensuring that the organisation operates within a responsible and sustainable financial framework.

In line with this responsibility, the Board of FOP Australia has policies and procedures in place for:

- FOP Australia's annual budget planning process as part of its annual business planning;
- reporting income and expenditure to the Board and membership;
- identifying authorised persons to transfer funds;
- approving transfers of funds and methods of payment;
- issuing of receipts for all incoming funds;
- reimbursement of expenses to directors or volunteers, including clarification of circumstances for which this is appropriate;
- creating productive partnerships between FOP Australia and the private sector, i.e. sponsorship alliances with corporations, foundations, individuals and other non-government organisations;
- the appropriate use of FOP Australia credit and transaction cards; and
- the establishment and appropriate management of petty cash floats.

PURPOSE

This policy set outs the process for compiling, monitoring and reviewing FOP Australia's annual budget and the management of FOP Australia accounts (which includes the gift fund stated in FOP Australia's constitution).

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POLICY

Each year, the Board of FOP Australia conducts a budget planning process as part of its annual business planning.

FOP Australia operates under a budget that must be flexible in responding to unforeseen events, including possible reductions in cash flow, and must therefore be regularly monitored and reviewed.

All transfers of funds (by cheque or electronic transfer) issued on behalf of FOP Australia must be signed by a sufficient number of authorised persons and documented adequately.

FOP Australia's revenue and expenditure will be monitored against its budget, by the Board at each Board meeting. Unbudgeted expenditure must first be approved by the Board.

Transaction cards issued to FOP Australia including those held in the name of any staff, volunteers or officers on behalf of FOP Australia, will only be used for those activities that are a direct consequence of the cardholders' function within FOP Australia. Their use will be monitored according to the procedures listed below. Any use of the card inconsistent with this policy and these procedures will be grounds for dismissal.

Co-ordinators of activities may seek the approval of the Board to establish petty cash floats to deal with minor expenses. Any such floats must observe the nominated procedures.

FOP Australia will reimburse expenses incurred by volunteers on behalf of FOP Australia or in the course of FOP Australia business so long as such expenses are reasonable and are authorised by the Board. Volunteers incurring authorised expenditure must, wherever possible, receive, retain and produce receipts, invoices, vouchers, tickets, or other evidence of such expenditure.

It is recognised that sponsorship arrangements can provide important financial and marketing support to potential partners of FOP Australia while at the same time generate additional revenues to support FOP Australia's mission and mandate. The fundamental principles that shape FOP Australia's relationships with sponsors are set out below:

1. Sponsorship of FOP Australia for any symposium, project, program or event held by FOP Australia will not entitle any sponsor to influence any decision of the organisation.
2. FOP Australia will not enter into any alliance or partnership with any corporation or organisation where the association with the prospective partner or acceptance of the sponsorship would jeopardise the financial, legal or moral integrity of FOP Australia or adversely impact upon FOP Australia's standing and reputation in the community. All tobacco/alcohol/gambling sponsorships are prohibited. If a sponsor's products work against FOP Australia's aims the sponsorship is also prohibited.

Policies can be established or altered only by the Board: Procedures may be altered by the Board.

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3. Sponsorship by a pharmaceutical or biotechnology company is subject to The International FOP Association's Guidelines for Engagement with Pharmaceutical Companies. Version 1.0, September 13, 2016.
4. FOP Australia will accept sponsorships as an additional source of revenue generation provided that all sponsorship alliances are developed and maintained within the regulations embodied in this policy.
5. All sponsorship alliances or partnerships must be consistent with existing FOP Australia policies.

AUTHORISATION

13/08/2019

FOP Australia

DRAFT

Financial Management Procedure



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RESPONSIBILITIES

The Board of FOP Australia has ultimate responsibility for overseeing the budget of FOP Australia and for ensuring that FOP Australia operates within a responsible and sustainable financial framework.

All directors, staff and volunteers are responsible for ensuring that their actions conform to this policy.

The Treasurer (and where necessary persons co-ordinating individual fundraising activities to work in consultation with the Treasurer) is responsible for preparing FOP Australia's budget and ensuring that the budget is reviewed in consultation with the Finance Committee and the Board.

The Treasurer is also responsible for ensuring that:

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- directors are aware of this policy;
- members/volunteers are aware of this policy if they are engaged in co-ordinating activities involving the transfer of funds from FOP Australia's bank account or on behalf of FOP Australia ; and
- any breaches of this policy that come to the attention of the Treasurer, the Board or management are dealt with appropriately.

The Board is responsible for considering any application by an administrative unit for a petty cash float. If approved by the Board, the Treasurer is responsible for nominating a Petty Cash Officer for that unit. The Petty Cash Officer is responsible for managing the amount of the float and ensuring that the procedures specified in this policy are implemented appropriately.

The terms of regulation of the 'Gift Fund' (as that term is defined in FOP Australia's constitution) must be applied to the maintenance of FOP Australia's bank account to ensure that FOP Australia meets the objectives set out in its constitution.

PROCEDURES FOR BUDGETARY PLANNING

Preparation of the Budget

In April each year, the Treasurer starts preparing the budget estimates as part of the Business Plan for the coming financial year. The process includes:

- considering operational costs;
- setting payroll costs; and
- estimating income.

The initial budget estimates are based on the current expenditure projections to end of year and a 10% increase on operating expenses such as power, telephones, etc.

The Treasurer will present the draft budget for discussion. The Board (or Finance Committee) may accept the estimates as presented or may request variations, within the context of the Strategic Plan. A detailed report denoting reasons for decisions should be attached to the draft budget for discussion.

The Treasurer will then revise the draft and present the amended draft budget at the next available Board meeting, which must be held before the end of the financial year. Once adopted by the Board, this becomes the official operating budget for FOP Australia for the following financial year, and all Board members and volunteers must work within the financial limits stated or implied by this document.

Monitoring and reviewing the Budget

The Treasurer is responsible for monitoring the organisation's expenditure, reviewing the actual and budgeted expenditures, and reporting on the progress of such expenditure.

Financial reports will be prepared for each month detailing income and expenditure and showing the year-to-date expenditure and its variation from the budget estimates, and indicating any increases or decreases in funding. A detailed commentary should be attached to Board reports detailing reasons for variations and recommendations for corrective action should that be required.

The Treasurer will indicate what effect any variations will have on the budget projections and provide this information to the Board. The Treasurer will also report on any other financial matters that may be related to the Business Plan.

Once adopted by the Board, the Amended Budget will become the new operating budget for the remainder of that financial year.

PROCEDURES FOR IDENTIFYING AUTHORISED PERSONS TO TRANSFER FUNDS

After each change in Board composition, after FOP Australia's Annual General Meeting, the Board will decide (and document in the minutes of the next Board meeting after the AGM) which directors will be signatories to FOP Australia's bank

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account for the current Board's period of service. The bank account is to have a minimum of three signatories, and a maximum of four, including the Treasurer. There should be as few members from the same family as possible amongst the signatories, only one from each family group if Board composition allows.

After ending their term on the Board, a director must cease to be a signatory to the account within seven working days.

PROCEDURES FOR TRANSFER OF FUNDS INCLUDING CHEQUES

Each transfer is to be approved by two Board members (who must not be related or from the same family).

All cheques must require the signature of two eligible signatories. Eligible signatories are Board members who have been previously nominated and endorsed by the Board to perform this function. Signatories cannot sign a cheque made payable to themselves, or a blank cheque. All details on the cheque form must be filled in before signature.

A list of all transfers/cheques issued each month, featuring amount, recipient, signatories, and explanation, will be provided to the Treasurer.

Cash donations must be kept in a secure location and immediately reconciled after collection. Documentation pertaining to cash donations must be forwarded to the Treasurer at this time.

Withdrawal/transfer of a sum of \$500 or more from the FOP Australia bank account must be approved by a majority of the Board. Board approval can be granted out of session (i.e., in between Board meetings) having regard to the following:

- while such approval only requires a majority and not a unanimous, vote of the Board, if any Board member objects to this transaction the approval cannot be given out of session and must be delayed until the next Board meeting to enable discussion; and
- an approval granted out of session must be subsequently tabled at the next Board meeting as part of the financial report (with documentation in the Board meeting minutes of names of the Board members who voted to approve the transaction).

A financial update shall be provided by the Treasurer at each Board meeting. This will include an overview of the transactions that have gone through FOP Australia's bank account, projected expenditure and any potential variations from the budget.

PROCEDURES FOR REIMBURSEMENT CLAIMS

Prohibited reimbursements

FOP Australia will not reimburse staff or volunteers for

- unauthorised expenses;
- expenses claimed by an employee/volunteer as a tax deduction;
- expenses normally recoverable from a third party;
- claims for purchases that are required to be made under an FOP Australia purchase order;
- expenses that are not incurred for business purposes;
- late payment interest on credit cards; and
- parking, traffic, or other fines and penalties.

Travel expenses

The decision to reimburse travel expenses is to be made prospectively by the Board in each incidence, and will only be approved if the financial position of FOP Australia can accommodate the request without compromising the organisation's goals and current financial year budget.

Employees and volunteers will be reimbursed for the most direct and economical mode of travel available, considering all of the circumstances.

Employees and volunteers will not be reimbursed for additional costs incurred by taking indirect routes or making stopovers for personal reasons.

Trip cancellation insurance is eligible for reimbursement.

Accommodation expenses

The decision to reimburse accommodation expenses is to be made prospectively by the Board in each incidence, and will only be approved if the financial position of FOP Australia can accommodate the request without compromising the organisation's goals and current financial year budget.

Employees and volunteers will not be reimbursed for items of a personal nature charged to a hotel account.

Provision of hospitality

Employees and volunteers will be reimbursed for hospitality expenses incurred in the course of FOP Australia business, as appropriate.

Appropriate hospitality charges include events hosted or sponsored for the purpose of promoting FOP Australia's work or enhancing its image, and may include meals

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that are related to the transaction of FOP Australia business if prospectively approved by the Board.

If directors/members utilise their own financial resources to conduct FOP Australia activities, FOP Australia is not obligated to reimburse this expenditure unless that decision has previously been made by a majority of the Board, as documented in endorsed Board meeting minutes. In that circumstance the Board is not obligated to provide reimbursement above a pre-specified amount.

Staff and volunteers incurring authorised expenditure must receive and retain receipts, invoices, vouchers, tickets, or other evidence of such expenditure. Where such evidence is, for any reason lacking, the Board may accept a statutory declaration, but only if it considered appropriate by the Board having regard to the circumstances. The Board has absolute discretion in deciding whether to reimburse staff / volunteers in these circumstances.

Staff and volunteers incurring authorised expenditure must submit requests for reimbursement to the Treasurer on the standard form (as set out in Appendix A of this policy or by sending an email to the Treasurer that sets out all the information required by this form) describing the nature and purpose of the expenses. The completed form must be signed by the applicant (or confirmed as a correct record if the information is set out in an email).

Claims that have not been properly prepared, authorised, or supported by adequate documentation will be returned to the claimant and the reasons will be given for not processing the claim.

PROCEDURES FOR SPONSORSHIP AGREEMENTS

All event and project sponsorships must have significant financial commitment from the sponsor to help offset the costs associated with the activity.

All sponsorship relationships involving FOP Australia must be identified and recorded for information purposes to encourage a donor-centred approach to revenue generation.

Naming rights associated with any sponsorship must be approved by the Board.

Sponsorship involving amounts exceeding \$500 will be embodied in written contractual agreements between FOP Australia and the sponsorship partner (which must incorporate, at a minimum, the terms set out in Appendix B).

Sponsorship by a pharmaceutical or biotechnology company is subject to the guidelines relating to engagement with these companies as set out in [The International FOP Association's Guidelines for Engagement with Pharmaceutical Companies Version 1.0, September 13, 2016](#).

PROCEDURES FOR USE OF CREDIT AND TRANSACTIONAL CARDS

1. Card Issue

Any organisational financial transaction cards may only be issued to a Board member, staff member, or volunteer where their functions and duties would be enhanced by their use. Cards will thus be issued only to people on the approved Organisational Financial Transaction Card List. The list shall be held by the Treasurer.

Other persons may be added to the Organisational Financial Transaction Card List by the Board. The Board may delegate the power to add persons to this list to any or all of the following:

- the Finance Committee; or
- the auditor.

Cards may be issued to a Board member, staff member or volunteer on a temporary basis and recovered afterwards.

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

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

2. Cardholder's responsibilities

The Cardholder shall:

- in all cases obtain and retain sufficient supporting documentation to validate the expense (e.g. tax invoice) or shall in lieu provide a statutory declaration;
- attach supporting documentation to the monthly statement from the bank;
- review the monthly statement for inaccuracies (and report these to the Board in the Treasurer's report);
- verify that that goods and services listed were received;
- sign a monthly statement (or confirm electronically from their email account) to verify that transactions have been made for official purposes for the Treasurer;
- notify the bank and the Treasurer or Board Chair immediately if:
 - the card is lost or stolen; and/or
 - any unauthorised transaction is detected or suspected;
- notify the Treasurer and the bank of any change in name or contact details;

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- take adequate measures to ensure the security of the card;
- return the card to the Treasurer or Board Chair if;
 - the cardholder resigns;
 - the Board determines that there is no longer a need for the cardholder to retain his or her card; or
 - the card has been cancelled by the bank; and
- be personally liable for any unauthorised transaction unless the card is lost, stolen or subject to fraud on some part of a third party.

The Cardholder shall not:

- exceed any maximum limits set for the card from time to time;
- obtain cash advances through the card;
- use the card for any proscribed purchases;
- authorise their own expenditure; or
- claim double allowances (i.e. request reimbursement for an expense already paid by the card).

3. Card Expenditure

The card will only be used for those activities that are a direct consequence of the cardholders' function within the organisation.

Where coincident and/or private expenditure occurs on the same transaction (where, for example, a person incurs a debt for personal telephone calls during a hotel stay) the cardholder must settle the private expense prior to charging the balance on the organisational card.

Where doubt exists as to whether or not an item is function-related, prior authorisation should be obtained from the Board.

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

4. Card Misconduct

Wherever a breach in this policy occurs, the Board must assess the nature of the breach and institute an appropriate disciplinary process, including (without limitation of the FOP Australia's right to summarily dismiss a director or revoke membership for serious misconduct):

- counselling and / or verbal warning (with documentation tabled for the Board meeting minutes); and
- the Board may determine whether to report a breach of the policy to the police for criminal investigation.

At the next Board (or Finance Committee) meeting the Treasurer shall report:

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- the investigation of the circumstances of the breach;
- police reports and action (if any); and
- disciplinary action taken (if any).

PROCEDURES FOR MANAGEMENT OF PETTY CASH

Petty cash limit

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

Petty cash use

Each Petty Cash Officer or representative shall ensure that petty cash is used to cover only those expense reimbursements for which it is not feasible, or for which it is unreasonably inconvenient, to use normal purchasing methods such as purchase orders, purchase cards or staff expense reimbursement. Any expense that is predictable, regular and significant should be dealt with through normal accounting procedures.

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

Each Petty Cash Officer shall require all expenses incurred using petty cash funds to be substantiated by acceptable supporting documentation such as receipts, tax invoices, invoices, copies of staff travel diaries, etc., and the documentation relating to each item shall be sufficient to establish the nature of the expenditure.

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

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

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

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

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

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Petty cash replenishment

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

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

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

AUTHORISATION

13/08/2019

FOP Australia

DRAFT

Appendix A



EXPENSES CLAIM FORM

Name: _____

Please Attach Documentation (e.g. receipts)

Details	Date Expense Incurred	Activity	Total Cost	Notes
Total to be Reimbursed:				

Details of account for reimbursement:

Account name:

BSB:

Account number:

Signature of Claimant: _____

Date Submitted: _____

Authorised by (Name): _____

Signature of Treasurer or delegate: _____

Board Use Only:

Claim Permitted? (Circle) Yes / No.

If no, state reason: _____

Date Reimbursed: _____

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SPONSORSHIP CONTRACTS/LETTERS OF AGREEMENT GUIDELINES

Sponsorship contracts and letters of agreement involving FOP Australia must, at a minimum, include the clauses set out below. However, depending on the significance of the sponsorship contract, consideration should always be given as to whether FOP Australia should seek legal advice before entering into any sponsorship contract / letter of agreement:

1. **Description of the Sponsorship Alliance:** The contract will contain a comprehensive description of the item, project or event around which the sponsorship alliance is constructed, including a list of obligations for both parties. Obligations of the parties in market research or sponsorship analysis will be explicitly itemised in the contract. (See also item 7 below.)
2. **Terms of Agreement:** the dates for commencement and conclusion of sponsorship alliances must be included in the contract.
3. **Key Personnel:** The contract will include the names of the individuals from both parties primarily responsible for the sponsorship, and to whom issues regarding the contract are to be referred.
4. **Limitations on and Approval of the Use of FOP Australia's Name:** The following clause limits the use of our name by the sponsor in its own internal and external promotion and advertising as per the negotiated arrangements: *"Neither party, in any situation, whether within or outside the parameters of the sponsorship, shall be deemed to be the spokesperson for, or the representative, of the other party."* The accepted use of the FOP Australia's word mark or logo must be stipulated in all contracts and agreements.
5. **Exclusivity:** FOP Australia may wish to offer outright or industry exclusivity to a sponsor, or the sponsor may request such exclusivity within the sponsorship alliance. Where relevant, the following statement regarding exclusivity will be included in the contract: *"FOP Australia agrees that [Name of Sponsor] shall be the sole and exclusive sponsor of FOP Australia for the term of this agreement..."* Pharmaceutical and biotechnology companies are excluded from this in keeping with the policy for engagement with these companies.
6. **Financial Terms and Schedule of Payments:** The total value and payment schedule of the sponsorship agreement between the parties will be clearly identified in the contract.
7. **Obligations of the Parties to Each Other:** The obligations of the parties are dependent upon the form of the alliance and will be determined on an individual basis. Responsibility for any market research or program or evaluation duties, reporting, and approvals will be specified in the contract, along with specific criteria and methodologies for the evaluation of the sponsorship.

8. **Breach of Contract:** The contract should stipulate what shall occur in the case of a breach of contract; for example: *“Prior to initiating formal notification of breach of contract, the parties will undertake all appropriate and reasonable efforts to resolve the matter. Should these efforts not prove successful within a reasonable time, either party may notify the other of breach of contract in writing. Such notification will require rectification within 14 days. If the breach is not rectified within that time then the non-breaching party may terminate the contract by written notice.”*
9. **Right to Discontinue the Sponsored Program or Event:** The contract shall ensure FOP Australia reserves the right to cancel the sponsorship should circumstances dictate; for example: *“When circumstances beyond the control of FOP Australia force the cancellation or substitution of a sponsored event or project, FOP Australia reserves the right to cancel without finding itself financially liable or in breach of contract.”* If it is intended that FOP Australia be entitled to retain any sponsorship funds already paid then this should be specified in the contract.
10. **Right to Cancel Sponsorship for Reputational Reasons:** The contract shall ensure FOP Australia reserves the right to cancel the sponsorship if matters occurring or becoming known after the signing of the contract make it likely, in FOP Australia’s reasonable opinion, that the continued association of the sponsor with FOP Australia may cause FOP Australia to become subject to criticism or otherwise held in disrepute.