



Friends of Kutumb Ltd.

**FINANCIAL MANAGEMENT
AND
RECORD KEEPING POLICY**

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Office of Fair Trading, Queensland, (QLD) Charity Number CH3337
Australian Charities and Not-for-profits Commission (ACNC) Registered Charity



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Financial Management and Record Keeping Policy

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Financial Management and Record Keeping Policy

PART A - INTRODUCTION

1 POLICY

1.1 Policy Statement

Friends of Kutumb Ltd (the charity), including the board, volunteers and others, work together to make certain that all operational and financial matters of the organisation are addressed with care, integrity and in the best interests of *Friends of Kutumb Ltd*.

This policy will support the efficient and effective management of the charity's resources, thereby protecting the charity's reputation and enabling it to achieve its purpose.

1.2 Policy Objectives

This document sets out the operational and financial record management procedures and the financial controls that the charity uses.

It is the objective of this policy and related procedures to:

- Protect the assets of *Friends of Kutumb Ltd*.
- Ensure the maintenance of accurate records of the charity's operational and financial activities.
- Provide a framework of operating standards and behaviour expectations.
- Ensure compliance with all legal and reporting requirements

1.3 Breach of Policy

If a breach of this policy is identified, it can be reported with reference to the organisation's 'Complaints Handling Policy Including Whistleblower Protections'.

2 SCOPE

This policy applies to all Board members and others with operational or fiscal related responsibilities, who are expected to be familiar with and operate within the parameters of this policy and these procedures.

3 ROLES AND RESPONSIBILITIES

3.1 Board Responsibilities

The board is responsible for ensuring that *Friends of Kutumb Ltd* meets its obligations to its members, beneficiaries and the community, regarding the way it works to achieve its purpose, and how it manages its money. It also has specific obligations to the ACNC and other regulators and agencies.

The board receives at least an annual update of whether the requirements of this policy are being met and reviews the financial controls as per the Board Calendar.

3.2 Directors

Directors, have specific duties in ensuring that the charity remains not-for-profit and that they manage the charity's financial affairs responsibly.

Directors are responsible for ensuring that they themselves are accountable, and also that structures and processes exist so that there is accountability throughout the charity, including in arrangements with other organisations (such as those that fundraise or deliver services).

3.3 Chairperson

The Chairperson, through the Secretary and Finance Officer, has the responsibility for administering these policies and ensuring that all records are produced, stored and accessed in line with this policy.

3.4 Secretary

The secretary is responsible for all matters pertaining to operational records, including keeping the board informed of any developments or issues arising. The Secretary is also responsible for all matters pertaining to archived records.

3.5 Finance Officer

The Finance Officer is responsible for all matters pertaining to financial record keeping. The Finance Officer provides up to date financial statements to the board for each meeting and to board members upon request.

4 REGULATORY CONTEXT

4.1 Regulatory Obligations

The charity must meet a number of obligations to remain registered with the ACNC. When the charity undertakes fundraising activities, it also needs to comply with any fundraising legislation in the relevant state or territory.

The charity is required to inform the Australian Taxation Office (ATO) if it is no longer eligible to be endorsed as a public benevolent institution (PBI) or to deductible gift recipient (DGR) status. Due to the related tax concessions, the charity is not required to submit a tax return.

4.2 Record Keeping Obligation

Under the ACNC Act, the charity must keep two types of records:

- financial records, and
- operational records.

The primary way of showing that the charity is dealing appropriately with money is through the financial records. However, operational records (for example through policies, strategic plans and annual reports) can also help demonstrate how decisions are made by the board, and how it is intended that the charity's money will be managed.

4.3 Financial Year

Financial year: 1 July to 30 June (01/07–30/06)

4.4 Reporting Periods

Reporting period: 1 July to 30 June (01/07–30/06)

ACNC Annual Information Statement (AIS) due: by 31st December

Office of Fair Trading (OFT) Annual Return due: by 30th January

4.5 Charity Size

Friends of Kutumb Ltd. is classified a small charity by the ACNC as it has an annual revenue of less than \$250,000.

4.6 ACNC Annual Reporting Requirements

The ACNC requires all charities to submit an Annual Information Statement (AIS). Small charities are encouraged to also submit an Annual Financial Report, however it is optional.

Financial documents required by the ACNC (as at 2019):

- Balance sheet or statement of financial position, and statement of profit or loss and other comprehensive income for the reporting period.
- Medium and large charities must submit financial statements for the reporting period, including:
 - statement of profit or loss and other comprehensive income
 - statement of financial position
 - statement of changes in equity
 - statement of cash flows
 - notes to the financial statements
 - Responsible Persons' declaration about the statements and notes – signed and dated, and
 - reviewer's report/auditor's report – signed and dated.

4.7 Office of Fair Trading (OFT) Annual Reporting Requirements

The OFT Annual Return must include:

- a statement of income and expenditure,
- a balance sheet, and
- an auditor's report.

5 REFERENCES AND REVIEW

5.1 Organisational Policies

The charity's Constitution, Board Charter and other organisational policies, as listed in the Board Charter Policy Framework, are supported by, or expand upon, aspects of this policy.

5.2 Legislation

Relevant legislation includes:

- [Australian Charities and Not-for-profits Commission Act 2012](#) (Cth) (ACNC Act)
- [Charitable and Non-Profit Gaming Act 1999](#) (Qld)
- [Archives Act 1983](#) (Cth)
- [Australian Information Commissioner Act 2010](#) (Cth)
- [Electronic Transactions Act 1999](#) (Cth)
- [Public Governance, Performance and Accountability Act 2013](#) (Cth)
- [Income Tax Assessment Act 1997](#) (Cth)

5.3 Development Resources

This policy has been developed with reference to:

- Australian Charities and Not-for-profits Commission (ACNC)
<https://www.acnc.gov.au/tools/topic-guides/manage-charity-money>
- QCOSS Community Door (QLD)
The Valuing Organisational Improvement and Community Excellence (VOICE)
www.communitydoor.org.au/voice
- Our Community
<https://www.ourcommunity.com.au/>
- Office of Fair Trading, Queensland
<https://www.qld.gov.au/law/laws-regulated-industries-and-accountability/queensland-laws-and-regulations/associations-charities-and-non-for-profits/charities-and-fundraising>

5.4 Administration of this Document

This document will be made available to the public through the charity's website and will be reviewed at least every two years, as per the Board Calendar.

PART B - RECORD KEEPING

6 RECORDS

6.1 Mode

Wherever possible, all records are produced, stored and accessed electronically and only printed if essential. Applications from the Microsoft Office Suite are used for operational and financial record-keeping.

6.2 Operational Records

Friends of Kutumb Ltd. keeps all operational records for at least seven years, with individual items, as determined by the Board, being kept in perpetuity to ensure clarity of historical decisions and processes. Operational records include:

- policies and procedures, including previous versions,
- correspondence
- meeting minutes,
- emails and other notices and responses to Board matters, and
- reports detailing the charity's activities to the Board and external authorities.

6.3 Financial Records

Friends of Kutumb Ltd. keeps all financial records for at least seven years, including:

- receipts and other record papers,
- bank and other financial statements and records of transactions,
- audit reports, and
- financial reports to the board and external authorities.

6.4 Access to Records

Board members will have ready access to all board records in electronic form through email, the charity's website or shared cloud storage.

Records which are available to the public are linked to the charity's website. Some records, such as the constitution, can also be accessed through the regulating authorities' websites.

Sensitive records may be made available upon request to the Board.

6.5 Language of Records

Records generated by *Friends of Kutumb Ltd.* are in English.

All financial and key records required for the charity's reporting obligations from *Kutumb Samajothan Avam Punarwash Sanstha* (Kutumb) are also in English. Some of Kutumb's general policies may be in Hindi, therefore, where possible, the Board will include at least one member who is proficient in Hindi.

7 RECORD KEEPING SYSTEM

7.1 System

The financial accounts are stored in an excel spreadsheet which will migrate to an access database in time. The records will be based on the information in the bank statements and data exported from the donations platform.

Instructions for using this system will be outlined in the related help file.

7.2 Training

Nominated board members or others will receive training in the record keeping systems to ensure that more than one officer is competent in the procedures.

7.3 Record Security

Electronic records are accessed by a password shared with board members. Board members must keep the password private and secure. The secretary is responsible for regularly changing the password and sharing the updated password with the board members.

8 RECORD STORAGE

8.1 Electronic Records

Electronic records are stored on the cloud, through the webhosting service. They are stored in folders based on reporting periods and by category.

8.2 Paper Records

Paper records, (such as bank statements, communication, bills, receipts) are stored in files based on categories and reporting periods.

8.3 Archived Records

Records are archived electronically for the required periods:

- at least seven years for all records, and
- some records are kept in perpetuity, as determined by the board.

8.4 Original Records

Original documents, certificates and copies of important electronic records are stored in the Company Register Folder at the company's registered office.

8.5 Backups

Paper records are backed up by creating an electronic copy stored with the other electronic records.

Electronic records are regularly backed up to a USB or external hard drive stored by the secretary.

PART C - FINANCIAL MANAGEMENT

9 GENERAL ACCOUNTING

9.1 Accounting

The professional accounting advisor for *Friends of Kutumb Ltd.* is confirmed and recorded in the AGM minutes each year.

The financial accounts for *Friends of Kutumb Ltd.* are on a cash basis. The financial accounts can only be accessed by use of a password that is known to the Finance Officer and the Chairperson.

The National Standard Chart of Accounts (NSCOA) is used for the financial accounts.

9.2 Auditor

The auditor for *Friends of Kutumb Ltd.* is confirmed and recorded in the AGM minutes each year.

9.3 Charity Tax Concession Status

Friends of Kutumb Ltd. has the following tax concessions as of 30th January 2020:

- GST Concession
- Income Tax Exemption
- FBT Exemption

These exemptions mean that the charity is not required to submit an annual tax return.

9.4 Deductible Gift Recipient Status

Friends of Kutumb Ltd. is endorsed as a Deductible Gift Recipient (DGR) from 30th January 2020. It is covered by Item 1 of the table in section 30-15 of the Income Tax Assessment Act 1997.

9.5 Insurance

Friends of Kutumb Ltd. does not hold any insurance at this time.

9.6 Annual Accounts

An audited set of annual accounts is presented at the *Friends of Kutumb Ltd.* AGM, which is usually held in September each year.

The Finance Officer of *Friends of Kutumb Ltd.* prepares the annual accounts with the support of the accountant and auditor as required.

These accounts are then audited prior to being copied, circulated and approved at the AGM.

10 FUNDS MANAGEMENT

10.1 Bank Accounts

Friends of Kutumb Ltd. holds one bank account at ANZ, Woolloongabba; it does not have overdraft facilities.

10.2 Reserves

The board aims to have 12 months administrative budget in reserve.

10.3 Banking

Friends of Kutumb Ltd. uses electronic funds transfer and avoids the use of cash and cheques. Should cash or cheque funds be received they are to be receipted as outlined in section 10.5.

10.4 Donations

Donations are accepted through a donation platform which automatically receipts the donations and transfers the funds to the charity's bank account. The records contained on this platform can be downloaded and imported into the charity's accounts management system.

The Finance Officer or the Secretary will send out, usually by email, reminders and requests to the associates of *Friends of Kutumb Ltd.* at appropriate times, as determined by the Board, requesting funds for particular purposes.

10.5 Receipting

Receipts are generated automatically by the giving platform, however if a donation is made in cash or by direct debit transfer, then the Finance Officer is responsible for receipting these contributions and maintaining appropriate records.

The Finance Officer is responsible for any banking, which is to be done as soon as possible. Any funds held while waiting to be banked are to be kept locked in a secure cabinet.

10.6 Donations to Kutumb

Donations are transferred to *Kutumb Samajothan Avam Punarwash Sanstha* (Kutumb) following a specific decision by the board that has been recorded in the minutes.

Generally, funds are transferred only a few times a year. For school fees, Kutumb requires contributions by the start of February each year.

Secure bank to bank transfers are used.

10.7 Receipts and Records from Kutumb

The Finance Officer is responsible for obtaining receipts and other records from Kutumb in line with the *Memorandum of Understanding*.

11 INTERNAL CONTROLS

11.1 Reconciliations

Reconciliations are done monthly by the Finance Officer. Receipts are reconciled to monthly statements of any accounts held by *Friends of Kutumb Ltd.* They are then checked and signed off by the Chairperson or their delegate.

11.2 Debtors

Friends of Kutumb Ltd. does not have debtors, other than donors who have made commitments to make regular contributions through bank transfer or the donations platform.

If a contribution ceases without notice, the Finance Officer will follow up with the contributor to confirm if this is an error and to confirm if the individual wishes to continue as an associate of *Friends of Kutumb Ltd.*

11.3 Creditors

Friends of Kutumb Ltd. Does not hold accounts with companies.

All creditors are paid by online payment or direct debit. Accounts are approved for payment by the Board and then the online payment is set up by the Finance Officer.

11.4 Vehicles

Friends of Kutumb Ltd. does not own any vehicles and does not cover mileage if a private vehicle is used for the charity's purposes.

11.5 Charge accounts

Friends of Kutumb Ltd. does not use charge accounts.

11.6 Petty Cash

Friends of Kutumb Ltd. avoids the use of cash for any purpose.

Should the Board approve a petty cash float for a special event, the individuals or board members who have been allocated petty cash are responsible for completing a petty cash summary spreadsheet and returning receipts and change to the Finance Officer in a timely and efficient manner.

11.7 Reimbursements

Normal routine meeting and other expenses or outlays of directors are not reimbursed but any substantial costs of special assignments may be considered for reimbursement depending upon the circumstances and with prior approval of the Board.

On rare occasions board members or others may purchase small goods for the charity's purposes using their own money. These items will be reimbursed by *Friends of Kutumb Ltd.* only when:

- the purchase is approved by the Board, and
- a reimbursement form is completed with the receipts attached.

Reimbursements are usually made through a bank transfer, as cash is avoided.

11.8 Credit Card

The Finance Officer of *Friends of Kutumb Ltd.* does not hold a credit card at this time

11.9 Reporting

The *Friends of Kutumb Ltd.* board meets at least four times a year, usually quarterly. At these meetings the Finance Officer presents the following financial accounts:

- Statement of Financial position
- Budget/Actual comparison
- Financial report

The board is able to query any item in the financial accounts.

Copies of bank statements and other source documents are also available for the board to view.

11.10 Account Signatories

Friends of Kutumb Ltd. uses two signatories or authorisations on each payment where possible. These are usually the Finance Officer, who first approves all payments made, and the Chairperson.

As the charity makes very few payments, the payment details need to be approved by the Board and recorded in the minutes for automatic payments, direct debit authorities or online payments.

Any letters of notification given to the bank are signed by both the Chairperson and Finance Officer of the board.

11.11 Delegated Authority

The Finance Officer has the authority to act on behalf of the Board. Approval limits are set out in the annual budget. The Finance Officer will consult with the Chairperson or bring matters to the attention of the board at their meetings as required.

Any increase in limits to credit cards, if used, is approved by the Board and recorded in the minutes.

11.12 Budget

The Finance Officer, with support from the Chairperson, is responsible for preparing the annual budget. Priorities are set by the Board. The budget is prepared to support the strategic plan and is presented to the board for approval.

The budget can be revised during the financial year if necessary, with Board approval. This may occur when significant changes are expected in income or expenditure.

Regular financial monitoring occurs by budget comparisons to actual expenditure being made at board meetings.

11.13 Payroll

Friends of Kutumb Ltd. does not have any paid staff at this time.