#

# FINANCIAL POLICIES AND PROCEDURES

## SECTION 1: FINANCIAL MANAGEMENT

## POLICY 6: FINANCIAL SYSTEMS & PROCEDURES

Policy Rationale

[organisation] will require a financial system that supports the Internal Control requirements for [organisation] to function efficiently, effectively and securely. The procedures of the organisation also need to be such that it can meet its tax and reporting requirements at any given time.

### Policy Statement(s)

The [organisation]’s CFO / Finance Manager shall ensure [organisation] has the appropriate financial systems and procedures in place to meet [organisation]’s operational needs, management and financial reporting requirements, and [organisation]’s internal controls. Specifically, they are required to:

1. Review the financial systems at least annually to determine their ability to meet [organisation]’s needs
2. Ensure financial systems are able to record and report sufficient data to aid [organisation]’s financial management
3. Periodically review [organisation]’s financial procedures to determine their ability to meet [organisation]’s needs
4. Ensure financial systems are designed to prevent and detect potential instances of fraud
5. Ensure that the data and financial records pertaining to [organisation] are appropriately filed and held in storage for sufficient time as per legislative requirements

In ensuring the accuracy and integrity of [organisation]’s financial systems and procedures, [organisation]’s CFO / Finance Manager shall also:

1. Ensure regular entry into the financial systems are made to minimise the workload when financial reports are required
2. Ensure that the chart of accounts is sufficiently detailed to allow the comparison of actuals to budget of any particular account at any given time
3. Ensure there is segregation of user access within the financial systems and that the systems are password protected
4. Ensure all (journal) adjustments are documented, referenced, appropriately narrated and recorded in accordance with point 3 above
5. Ensure that reconciliations are performed at least monthly on all balance sheet items by a staff member independent from the data enterer. They shall also review and authorise these reconciliations on a monthly basis and ensure work papers are appropriately filed
6. Ensure the system is locked off once management reports have been finalised

Policy Implementation and Related Procedure Documents

The implementation and review of these Financial Systems & Procedures policies are the responsibility of [organisation]’s Audit, Finance & Risk Committee.

[organisation]’s Audit, Finance & Risk Committee may request that the External Auditors review the adequacy of financial systems and procedures as part of the annual audit.

The [organisation]’s CFO / Finance Manager will implement and then regularly review the financial system to ensure sufficient protection of internal controls and the quality of reporting is maintained. They are also responsible for the procedures surrounding the use of the Financial Systems and the staff members accessing it.

The following [organisation] policies and frameworks should be referred to in this regard:

* + Finance Manual [if applicable]
	+ Accountability, Internal Controls & Audit Policy
	+ Financial Reporting & Monitoring Policy
	+ Records Management & Data Security Policy
	+ Fraud Policy

### Legislative Compliance Considerations

* + Companies Act 1993 [if a Company]
	+ Constitution [if a Company]
	+ Incorporated Societies Act 1908 [if an Incorporated Society]
	+ Incorporated Societies Act 2022 [applicable if an Incorporated Society registered under the new Act. Reregistration is available from 5 October 2023]
	+ Incorporated Society Rules [if an Incorporated Society]
	+ Incorporated Society Constitution if an Incorporated Society registered under the 2022 Act]
	+ Trust Deed [if a Trust]
	+ Trusts Act 2019 [if a Trust]
	+ Financial Reporting Act 2013 [if appropriate]
	+ Charities Act 2005 [if a registered Charity]
	+ Income Tax Act 2007
	+ Tax Administration Act 1994
	+ Goods and Services Tax Act 1985

### Review Protocol

|  |  |
| --- | --- |
| Policy Reviewed By: | Audit, Finance & Risk Committee |
| Date Reviewed: | [Date] |
| Next Review Date: | [Date] |
| Revokes Policy Reviewed: | [Date] |