# FINANCIAL POLICIES AND PROCEDURES

## SECTION 1: FINANCIAL MANAGEMENT

## POLICY 5: ACCOUNTABILITY, INTERNAL CONTROLS & AUDIT

### Policy Rationale

[organisation] will operate with Internal Controls and Accountability by all members and staff in order to:

1. Protect the assets of [organisation]
2. Ensure the maintenance of records of [organisation]’s financial activities
3. Provide a framework of operating standards and behaviour expectations
4. Ensure compliance with all legal and reporting requirements
5. Provide reasonable assurance that any errors and irregularities are quickly discovered
6. Maintain transparency, reliability and trust between [organisation] and relevant stakeholders.

The organisation will also be subject to a Financial Audit in order to provide comfort around the financial statements and procedures utilised by [organisation] to external stakeholders.

### Policy Statement(s)

The [organisation]’s CEO in conjunction with the Audit, Finance & Risk Committee will:

1. Have regular communication with the organisation’s auditor especially around issues that are new or unusual
2. Obtain an annual management letter from the auditor at the conclusion of the annual audit, implement any recommendations and report to the Board on the implementation of the recommendations
3. Put the organisation’s audit out to tender at regular intervals and engage a suitably qualified auditor
4. Outline a procedure for related party transactions (e.g. purchasing goods from a staff member’s family company)

NB: Those Board members not on the [organisation]’s Audit, Finance & Risk Committee still have certain responsibilities relating to their position which is not abdicated by this policy.

The [organisation]’s CFO / Finance Manager will:

1. Ensure sufficient separation of duties and controls are put in place
2. Implement robust and sound accounting policies, including the documenting of procedures within [organisation]’s finance manual
3. Question individuals and / or units on significant negative variations from the budget and report to the Board through the CEO
4. Implement an appropriate accounting system which safeguards controls
5. Implement an internal review system
6. Schedule the regular reviews of [organisation]’s Financial Policies

All [organisation] members and staff will:

1. Make themselves aware of the legislation, policies and procedures relevant to their role
2. Comply with all legislation relevant to the specific policies or procedures relevant to their roles
3. Be accountable for and monitor the budgets of their role and / or unit
4. Comply with reasonable requests for information from the [organisation]’s auditor in a timely manner

### Policy Implementation and Related Procedure Documents

The implementation and review of the Accountability, Internal Controls & Audit policies are the responsibility of [organisation]’s Audit, Finance & Risk Committee.

[organisation]’s Board is responsible for the establishment and review of the Audit, Finance & Risk Committee.

[organisation]’s Audit, Finance & Risk Committee are responsible for having regular communication with the organisation’s auditor.

[organisation]’s CFO / Finance Manager will establish and regularly review an internal controls framework under which the organisation will function.

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

* Finance Manual [if the organisation has one]
* Delegated Authorities Policy
* Financial Reporting and Monitoring Policy
* Financial Systems & Procedures Policy
* Budgeting and Forecasting Policy
* Risk Policies
* Treasury Policies
* Tax Policies

### 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 registered under the 1908 Act]
* 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]

### Review Protocol

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