# FINANCIAL POLICIES AND PROCEDURES

## SECTION 6: TREASURY

## POLICY 3: FOREIGN EXCHANGE

### Policy Rationale

[organisation] will only buy foreign currency when it has contractual commitments requiring payment in foreign currency(ies) and will only enter into foreign currency arrangements to minimise any foreign exchange exposure.

### Policy Statement(s)

[organisation] Board Members, management and staff shall only approve or enter foreign currency arrangements or purchase foreign currency where:

1. It is prudent to do so
2. The value of the foreign currency transaction is appropriate for [organisation]’s foreign currency commitments
3. The purchase of any foreign currency or contracted amounts are within exposure risk limits approved by [organisation]’s Audit, Finance & Risk Committee
4. The purchase of foreign currency or contracted amounts are within the [organisation]’s Delegated Authorities
5. There is sign-off by a second person who holds the appropriate financial delegation authority

### Policy Implementation and Related Procedure Documents

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

[organisation]’s Audit, Finance & Risk Committee will:

1. Determine what level of foreign currency exposure risk is acceptable to [organisation] (as relating to Policy Statement 3 above).
2. Determine what level of management and reporting is required of particular foreign currency exposures and / or contracts

[organisation]’s CFO / Finance Manager is responsible for:

1. Obtaining relevant advice from one of the bank’s experts before recommending or entering into foreign currency arrangements
2. The implementation of systems and procedures relating to foreign currency transactions
3. Reporting foreign currency exposure and contracts in place (monthly) to the [organisation]’s Audit, Finance & Risk Committee.

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

* + Finance Manual
  + Bank’s terms and conditions
  + CEO Financial Management Policy
  + Delegated Authorities Policy
  + Budgeting & Forecasting Policy
  + Financial Reporting & Monitoring Policy
  + Accountability, Internal Controls & Audit Policy
  + Risk Management Policy
  + Bank Account Policy

### Legislative Compliance Considerations

* + Trust Deed [if a Trust]
  + Constitution [if a Company]
  + Incorporated Society Rules [if an Incorporated Society registered under the 1908 Act]
  + Incorporated Society Constitution [if an Incorporated Society registered under the 2022 Act]

### Review Protocol

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