



ABORIGINAL DRUG AND ALCOHOL
RESIDENTIAL REHABILITATION NETWORK

ADARRN Financial procedures and internal controls

1. Introduction

This policy documents the financial policies and procedures of ADARRN and its subsidiaries (referred to as ADARRN for the purposes of this policy) which must be followed by all staff. It also provides guidelines ADARRN will use to administer these policies, with the correct procedure to follow.

ADARRN receives funds from several sources. These include, but are not limited to:

- Government grants
- Client board & lodging
- Donations
- ADARRN Social Enterprises
- Occasional sale of assets
- Community work programs

ADARRN's largest expenses are wages & salaries and occupancy costs (food, program etc.)

ADARRN is a Public Benevolent Institution that receives Government grants to fund the various projects within the service. All funds received and expensed will be recorded. Accounting practices will be in accordance with all legal requirements and be of the highest standard.

2. Roles and Responsibilities

The CEO is the custodian of this procedure and has overall responsibility for ensuring that the following activities are performed:

- Maintaining financial records inc. annual financial statements and acquittals
- Payments to employees & suppliers.

The CEO/Executive Director are responsible for ensuring that the following activities are performed:

- Approving expenditure from Government funds.
- Nominating and authorising staff to expend funds.
- Purchasing Thresholds requirements are being satisfied.
- Details of expenditure are clearly recorded.

Authorised Financial Delegates approving requisitions must ensure the following:

- Payment is within their financial delegation

Bookkeeper is responsible for

- Recording and allocation every transaction (inflows/outflows)
- Process batch payments (to be authorised by management)
- Maintaining the asset register

3. Income

3.1. Grants received

- All grants (including government, community or philanthropic) received are paid directly into the nominated bank account in accordance with the relevant funding agreement.
- Recipient Created Tax Invoices (RCTI) will be filed in electronically.
- Funds received are to be allocated to the specific project for which they were granted in the accounting software.
- All records will be kept in accordance with the specific funding agreement.

3.2. Board & Lodging

- Centrepay rents are paid directly into ADARRN's administration account by Centrelink.
- Centrepay reports are filed daily in chronological order by the intake officer.
- Rents received in this manner are recorded in the client management database individually by the intake officer and include the following information:
 - Client code
 - Client's name
 - Date received
 - How much the payment is for
 - What payment the client is receiving
- The rent monies received are also recorded in the accounting software by the bookkeeper.

3.3. Commercial Activities

ADARRN will invoice customers (through the accounting system) for any commercial activities performed with 14-day payment term.

3.4. Donations and other income

3.5. Cash Received

Cash includes cash, cheque and money orders

- All cash will be kept in the safe until banked.
- Cash should be banked within 7 working days of collection.

4. Expenditure

ADARRN uses Internet banking facilities to pay the majority of its accounts payable. Payments not made by EFT are made by credit card. Two signatures are required to authorise any EFT transaction. Only one signatory is required for credit card transactions.

Currently the signatories to the accounts as approved by the Board are:

- CEO
- Executive Director

- Operations Manager

4.1. Payroll

- ADARRN uses accounting software for payroll.
- Payroll records are kept in the accounting software.
- Staff are paid weekly in accordance with contractual obligations.
- All staff are paid by EFT.

Payroll procedures

- All casual staff are required to submit time sheets
- The bookkeeper enters the payroll into the accounting software on Monday for approval by CEO on Tuesday
- Once approved, the bookkeeper files payroll and sends CEO bank file to process
- Payroll is reconciled to the accounting software weekly prior to payment of PAYG and Superannuation obligations.

4.2. Accounts Payable

The procedure for all accounts payable is as follows:

- Accounts and invoices received by mail or email are printed and placed in the accounts tray. After verifying the legitimacy of the account the account is paid.
- A payment requisition is filled out and attached to the account (see appendix A). The payment requisition is simultaneously entered into the accounting software.
- Payments are batched for payment by the bookkeeper
- The payment requisition must contain the following information:
 - Date paid
 - Paid to
 - Method of payment
 - Account paid from
 - Amount
 - Description of payment
 - Signature of person verifying account
- Transaction will require authorisation from a second signatory.

4.3. Purchasing policy

Purchases require the following:

- Clear need for purchase.
- Approval and availability of funds.
- Supplier must be GST-registered
- That the procurer has delegated financial authority and procurement in line with Delegation (Appendix D)

4.4. Asset Register

Information for single items of equipment costing more than \$1,000 be listed on an Asset Register administered in the accounting software. This register should be kept and made available for audit when requested. Details logged should include supplier, date of purchase, value, make, serial number if available and details of where the item is kept.

5. Reserves

Reserves help to maintain financial stability and allow a charity to meet its commitments, continue to undertake work and deliver services, even when unexpected events or costs arise. ADARRN's reserve policy has been based on the ACNC Guidance on Charity Reserves for financial stability and sustainability.

ADARRN will set aside 3 months of operational costs in cash reserves to draw on to respond to unexpected circumstances.

Any reserves above this amount can be used with approval from the Board for asset replacement and pilot programs. As part of this policy, the adequate level of reserves will be reviewed and recalculated on an annual basis.

6. Record Keeping

ADARRN keeps all financial records for a period of seven (7) years in accordance with legislative requirements. After the required time period records are destroyed by a secure method:

- shredding using a crosscut shredder in the case of hard copy records
- Formatting of electronic storage media

7. Accounting software

ADARRN uses a cloud-based accounting software. Only authorised users have access including Fortunity accountants and bookkeeper, the CEO and the Executive Director. Access is also given to the Auditor at the end of the year for audit purposes.

All accounts are reconciled to the bank monthly, prior to payment of BAS and Superannuation obligations.

8. Monthly Procedures

- All accounts are reconciled to the bank statements at the end of each month by the bookkeeper.
- Payroll is reconciled to the accounting software at the end of each month.
- After reconciliation is completed payment of BAS and Superannuation is made to the relevant authorities.
- Payment requisitions are completed by the Bookkeeper to ensure documentation is accurate and of a consistently high standard.
- Bank reconciliations are filed with the payment requisitions for the relevant month.
- Bank statements are filed with payment requisitions for the relevant month.
- Credit card spending is reconciled between statement and receipts.

9. Annual Procedures

At the end of the financial year ADARRN prepares the financial records for the Auditor. The steps to follow are listed below:

- The total of all monthly reconciliations are reconciled to the end of year balances.
- Payroll is reconciled to the end of year balances in the accounting software

- Superannuation is reconciled to the end of year balances in the accounting software
- BAS statements are reconciled to the end of year balances in the accounting software
- PAYG is reconciled to the BAS statements
- Payment Summaries are prepared and reconciled to both BAS and Payroll
- Income statements are completed within 2 weeks of EOFY through the accounting software and filed with the ATO, also through the accounting software. Single touch payroll is made available to employees electronically via MyGov per applicable legislative requirements
- Refer EOFY Checklist - Appendix B which is completed by the bookkeeper and accountant

The accountant, Fortunity, is responsible for the annual procedures.

10. Credit Cards

ADARRN has one credit card with a maximum aggregate limit of Ten Thousand Dollars (\$10,000.00). All purchases outside authority limited (Appendix D) must be approved by CEO prior to the purchase taking place.

Card holders as approved by the Board are:

- Joe Coyte, Executive Director

All purchases made by credit card must be accompanied by a Tax invoice / receipt which will be kept on file and reconciled against the monthly statement by the Bookkeeper. The business credit card is not to be used for personal expenses. All holders of business credit cards are required to reconcile the monthly credit card statement to all receipts for payments made on the credit card and have the expense statement authorised by the relevant person with authority.

The month-end process to reconcile the credit card is as follows:

1. Credit cards are reconciled through the accounting software by the bookkeeper on a monthly basis based on invoices and receipts received
2. Any missing receipts are investigated.
3. The credit card is paid off monthly so the balance is \$0.00

11. Debit cards

Senior team members will be issued debit cards with their monthly budget. All team members must read and sign the debit card policy prior to issuance. There is one central account for all debit cards.

1. CEO communicates to staff what their individual budget is.
2. Staff members must comply with debit card policy and keep all receipts
3. If any staff member requires their debit card to be topped up, they must receive approval from management
4. At the end of each month, staff members submit their receipts.

12. Travel Expenses

Ngaimpe will reimburse staff members for work-related travel in their own vehicles. This includes attending events, meetings & training approved by management. This will be reimbursed at current ATO cents per kilometre rate at time of travel.

Staff members are required to submit an online kilometre travel form to claim this reimbursement.

Appendix A - Payment Requisition Form

Payment Requisition Form

Date:.....

Payee:.....

Method of Payment (i.e.) Cheque, Internet,.....

Account paid from: *Please Circle* **Job** (*Please Circle*)

| | |
|---------------------------------------|--------------------------|
| <u>Vehicle</u> – 781757802 | NSW Health ABN H Workers |
| <u>Taxation</u> – 781756857 | NSW Health Enhancement |
| <u>Administration</u> – 781755338 | CCLHD – Drug Summit |
| <u>AA</u> – 781755907 | CCLHD - MERIT |
| <u>Salaries</u> – 781753718 | Federal DOHA - NGOTP |
| <u>Leave Contingency</u> – 781753726 | NIAA |
| <u>Superannuation</u> – 781761737 | HNECCPHN Peer Navigation |
| <u>Insurance</u> – 720459892 | HNECCPHN D&A |
| <u>Benevolent Society</u> – 720459930 | |
| <u>Project Money</u> - 720459957 | Benevolent Society |

Amount:.....**GST:**.....

Being For:.....

.....

Verified By:.....

Appendix B - End of Financial Year Checklist

| | | |
|---|---|---|
| 1 | Year end Bank Reconciliation | ✓ |
| 2 | Year end payroll reconciliation to Bank | ✓ |
| 3 | Year end Payroll reconciliation to BAS | ✓ |
| 4 | Annual BAS reconciliation to Bank | ✓ |
| 5 | Payment Summaries Reconciled to 4 & 5 | ✓ |
| 6 | June BAS | ✓ |
| 7 | Superannuation reconciled to payroll | ✓ |
| 8 | Superannuation reconciled to Bank | ✓ |
| 9 | Pay Superannuation | ✓ |

Appendix C – Delegations

| Position | Authority Limit | |
|----------------------------|-----------------|----------------|
| | Within Budget | Outside budget |
| Executive Director | \$20,000 | \$10,000 |
| CEO | \$20,000 | \$10,000 |
| Executive Assistant | \$1,000 | \$0 |
| Operations Manager | \$1,000 | \$500 |
| Maintenance/Infrastructure | \$1,000 | \$500 |
| Senior Counsellor | \$1,000 | \$500 |
| Night/weekend Counsellor | \$1,000 | \$500 |
| Intake Officer | \$500 | \$0 |
| Case Managers | \$500 | \$0 |
| Support Worker | \$0 | \$0 |