

Australian Guild of Music Education

Financial Controls Policy

Governing authority:	Governing Board
Responsible officer:	CEO
Date of approval:	12/02/2018
Date of effect:	12/02/2018
Review date	31st August 2020

Purpose

The AGME Financial Controls Policy provides the policies and procedures for financial transactions within the business which must be followed by all staff. It also provides guidelines that AGME will use to administer these policies, with the correct procedure to follow.

AGME will keep all financial policies current and relevant. From time to time it will be necessary to modify and amend some sections of the policies and procedures, or to add new procedures. These policies will be reviewed annually.

Scope

1. Variations to Bank Account Terms and Conditions Policy and Procedures

Any variations to banking arrangements can be made or varied by the CEO. The CEO is responsible for updating the financial system and/or AGME bank account register with the new information.

1.1 Closing Bank Accounts

Where it is decided that a bank account is no longer necessary, the CEO will authorise the closure of the bank account.

The CEO will then be required to complete the following actions:

- ensure all transactions with respect to the account. (including cheques drawn) have been completed;
- lodge with the bank a letter, signed by the HEEM and CEO (authorised signatories) advising of the closure of the account;
- meet the bank's requirements with respect to account closure, and
- update the financial system and bank account register.

1.2 Bank Account Transactions

All deposits received must be banked within 2 days. Unallocated direct deposits of more than one month will be investigated fully to determine the source of deposit. Where the source

cannot be identified, the deposit will be allocated to a separate account entitled 'Unidentified Revenues'. The allocation/expenditure of these funds will be authorized by the Governing Board annually based on advice from the CEO.

Cheques outstanding for more than 12 months will be reallocated back to the business through the financial system. Where a payment stop on a cheque is required, this will be authorised by the CEO.

The CEO will be responsible for carrying out the following duties in regard to payment stop on a cheque:

- ensuring the cheque has not already been presented at the bank;
- obtaining authorisation to action the stop payment using appropriate forms from the bank;
- ensuring the bank receives notification of the stop payment notice;
- receiving confirmation of action from the bank of the stop payment; and
- ensuring the details of the stop payment are kept in the stop payment folder.

2. Petty Cash Policy and Procedures

This policy and procedures should be read and carried out by all staff where petty cash is issued.

2.1 Purpose of the Policy

Petty cash should be used to pay for small business expenses up to \$100.00 where payments through accounts payable or credit card are not justified or appropriate

2.2 Issuing Petty Cash

Petty cash vouchers must be completed before any cash is taken from the petty cash float.

Only up to \$100.00 can be disbursed at any one time.

All petty cash vouchers issued must be approved by the HEEM.

Once the petty cash is spent, a receipt or invoice should be attached to the voucher and returned to petty cash with any balance of monies unspent.

All completed vouchers must include the following details:

- Issue date of voucher;
- Name of person who issued the voucher;
- Amount of monies disbursed;
- Details of expense;
- Invoice or receipt number; and
- Signature of approval person, 2.3 Reconciling Petty Cash

The petty cash float is to be reconciled monthly. This is the responsibility of the CEO.

All petty cash expenditure must be entered into the financial system once the petty cash has been reconciled. The balance of monies and vouchers must equal the petty cash float amount before reimbursement can be made. Reimbursement of petty cash will be authorised by the CEO.

3. Use of Business Credit Card Policy and Procedure

3.1 Purpose of the Policy

This policy provides guidelines for the issue and use of business credit cards.

3.2 Procedures

An employee will only be issued a credit card once the Credit Card Authorisation Form has been completed.

- The business credit card can only be used for travel, authorised entertainment and purchases of small value expenses or equipment up to the value of \$500.00.
- No cash advances are to be taken using the business credit card unless authorised by the CEO.
- Where a business credit card is lost or stolen, then the owner of this card is to notify the CEO who is responsible for notifying the issuing agency and ensuring the card is cancelled.
- The use of 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 the expense form, attach all receipts for payments made on the credit card and have the expense statement authorised by the CEO.
- Upon completion and authorisation of the monthly expense statement, these documents are to be forwarded to the accounts payment service provider for payment of the credit card statement.
- All business credit cards are to be returned to the business when the person is requested to by the CEO, or where they are no longer an employee of the business.

4. New Supplier Policy and Procedure

4.1 Purpose of the Policy

All new suppliers to the business must be reviewed and accepted in accordance with this policy and procedure to ensure that the supplier service is aligned with the business objectives.

4.2 Procedures Choosing a New Supplier

A new supplier must provide our business with {insert the priorities required from your suppliers, such as quality product, great service, competitive pricing, efficient delivery etc. }

For each new supplier the following information table must be completed prior to agreeing services

Supplier Selection Background Information

Business Name of Supplier: _____

Location of Supplier: _____

Products/Services provided by supplier: _____

(Attach a list if necessary)

Name of business owner/ sales representative: _____

How many years has the supplier been trading?: _____

Supplier Selection Review Checklist

For each new supplier being considered the following checklist must be completed

- i. Is the supplier pricing competitive? Attach list to this checklist: _____
- ii. What are the payment terms for this supplier? _____
- iii. What is the return policy for this supplier: _____
- iv. Does the supplier provide warranties, guarantees etc.?: _____
- v. Are the supplier's representatives knowledgeable of the products/ services and industry?: _____
- vi. Is there an alternative to this supplier, has the alternative supplier been considered?: _____
- vii. What are the delivery services of the supplier?: _____
- viii. Has a credit check been undertaken for the supplier (attach to this checklist): _____
- ix. Has the Personal Property Securities Register (PPSR) been reviewed: _____
- x. Has the supplier been trade checked (attach this to this checklist): _____
- xi. {insert additional information required to assist in the decision of appointing a new supplier }

Appointment of Supplier

The appointment of a new supplier will be authorised by the CEO.

All relevant details of the supplier will be entered into the financial system by the accounts payments service provider once approval is obtained from the CEO.

The CEO will review information entered into the financial system and independently verify the AGME bank account or other payment details of the supplier to ensure payments made are to the correct supplier

The purchasing services provider will be notified within seven days of the new supplier being approved.

Supplier Payment Terms

All purchases from suppliers must be supported by a purchase order –

Payment terms for all suppliers are to be reviewed by the CEO annually. Following this review, each supplier must be approached to seek improved payment terms by the CEO.

All supplier payment terms must be a minimum of 90 days.

Any variation to the above must be authorised by the CEO.

All supplier payments are to be reviewed quarterly to ensure that payment terms are adhered to. If payments made to any suppliers earlier or later than the agreed terms the CEO will prepare a report that details the reasons why payment terms have not been adhered to. This report will be reviewed and authorised by the CEO.

5. Purchasing Policy 5.1 Purpose of the Policy

This policy provides guidelines for the purchase of goods, services, equipment and assets for the business. This policy is applicable for all purchases over \$100.00.

Where items to be purchased are less than \$100.00, an authorised credit card may be used.

5.2 Procedures

Request for Purchase

All purchases for business items must be requested through a purchase order.

All items over the value of \$100.00 must be supplied by authorised suppliers – refer to the New Suppliers Policy and Procedures where the supplier is not an existing supplier.

For items over the value of \$1000.00 three quotations must be provided. A request for purchase must address the following criteria:

- Purchasing that promotes environmental sustainability;
- Value for money; and
- Preference for Australian/locally produced.

All purchase orders must be authorised within the following guidelines:

Items Purchased	Persons who Authorise	Second Authorisation
Equipment	CEO	Dean
Assets	CEO	CEO

All authorised purchase orders are to be copied and one distributed to accounts payable with the estimated payment date and one to {insert relevant job title here} who will check receipt of purchase against the purchase order when received.

Equipment Asset Purchases

All equipment and asset purchases must be entered in the financial system by {insert relevant job title here} with the following details included:

- Date of purchase;
- Supplier; and
- Make, model, warranty/guarantee information.

Service Agreements

All agreements for the provision of services to the business in excess of \$100.00 are to abide by this policy.

Receipt of Purchases

All purchases received are to be checked against purchase order and noted as correctly supplied.

Once the correct receipt has been received, this will be recorded on the order and forwarded to the accounts payments service provider for payment of purchase.

Additional Policies for Purchasing

Petty Cash Policy

Use of Business Credit Card Policy