

U3A Castlemaine: Financial Policy

Introduction

U3A Castlemaine recognises that accurate and complete financial information that is reported in a suitable format is crucial to the sound financial management of our organisation.

Financial controls in the form of policies and procedures are vital to the preparation and reporting of financial information.

Purpose

The purpose of this document is to identify the policies and procedures that pertain to the financial management of the affairs of U3A Castlemaine.

Most of the financial policy and procedures is contained in other U3A Castlemaine documents.

For policies given in this document, where a relevant section has been copied from a source document then it appears in italics in a shaded box. The relevant source document is identified by a footnote.

Related Documents

Policies:

- Statement of Purposes & Constitution, January 2016
- Victorian Associations Incorporation Reform Act 2012, Version 014, Effective date 31/12/2017
- Regulatory Framework for Policies, Version 1, June 2013
- Policy 10 - Grants, Donations & Bequests, Version 2, May 2017
- Miscellaneous Policies, Version 1, August 2016
- Membership Subscription Policy, Version 1.8, December 2016
- Payment Policy, February 2015
- Financial Reports to the Annual General Meeting, from 2016 onwards

Procedures:

- Position Descriptions - 2016-17 Operational Manual, September 2014
- Finance Position Descriptions revised May 2018
- Accounts Payable Process v1.5, May 2018
- PayPal Download Procedure, January 2018
- Overpayments Procedure, January 2018
- Donations – How to Identify – Procedure, January 2018
- Reimbursement Request Form
- Request to Arrange Payment Form
- Office Procedures for cash receipts

Reporting:

- Monthly Finance Reports to the Committee of Management
- Financial Reports to the Annual General Meeting
- Budgets

Policies

1. Financial Records

1.1 U3A Castlemaine - Statement of Purposes and Constitution, Section 18

1. The Treasurer must:

(a) collect and receive all monies due to U3A Castlemaine and make all payments authorised by U3A Castlemaine; and

(b) keep correct accounts and books showing the financial affairs of U3A Castlemaine with full details of receipts and expenditure connected with the activities of U3A Castlemaine.

2. The accounts and books referred to in subclause (1) shall be available on request for inspection by Members.¹

1.2 Regulatory Framework

U3A Castlemaine Inc. will maintain appropriate financial records and submit an annual financial report to members as required for an entity of its size under the Victorian Associations Incorporation Reform Act 2012, Part 7: Financial Reporting:-

(1) An incorporated association must keep financial records that—

(a) correctly record and explain its transactions and financial position and performance; and

(b) would enable true and fair financial statements to be prepared in accordance with this Part.²

1.3 Retention of Records

The Victorian Associations Incorporation Reform Act 2012 states that:

(1) An incorporated association must keep the financial statements submitted to an annual general meeting of the association for at least 7 years after the date of the annual general meeting.³

(2) The incorporated association must retain the financial records for 7 years after the transactions covered by the records are completed.⁴

¹ U3A Castlemaine – Statement of Purposes and Constitution, ©U3A Castlemaine Inc., January 2016, Reg. No. A0017409G, Section 18.

² Victorian Associations Incorporation Reform Act 2012, Section 89, page 77.

³ Victorian Associations Incorporation Reform Act 2012, Section 105, page 90.

⁴ Victorian Associations Incorporation Reform Act 2012, Section 89, page 77.

2. Annual Subscription

2.1 U3A Castlemaine - Statement of Purposes and Constitution, Section 6

1. *The amount of the Annual Subscription will be determined at the Annual General Meeting or a Special General Meeting called for that purpose and is due on the 1st January and payable before the 1st April each year.*
2. *Any member experiencing financial hardship may apply in writing to the Secretary for special consideration for payment of the Annual Subscription. This application will be considered by the Office Bearers, and the member notified.*
3. *Persons joining after the 30th June will pay 50% of the Annual Subscription.*
4. *Any person who is a financial member of another U3A will only pay 50% of the Annual Subscription.*⁵

2.2 U3A Castlemaine – Miscellaneous Policies, Annual Subscription (Clause 6)

This Financial Policy document was approved and adopted by the Committee of Management on 21 May 2018 except for this clause 2.2 which requires investigation regarding the opening of MyU3A for a new membership year.

Recommend that this clause be deleted from Miscellaneous Policies:

*Any person who joins U3A Castlemaine Inc. after 30 October will pay the full fee applicable for the following calendar year and receive free membership for the remainder of the current calendar year. Any member having difficulty in paying their annual subscription may, in consultation with the Treasurer, pay by instalments.*⁶

Recommend that the above clause be replaced with the following clause to be added to the Membership Subscription Policy:

Memberships cannot be accepted from the closing of MyU3A in about October each year until the opening of MyU3A for the new membership year around the end of November.

2.3 Membership Subscription Policy

Memberships are paid on a calendar year basis, due and payable on 1 January each year. If payment is not received from an existing member by 31 March of that year, they are no longer a financial member.

Members of other U3A's may join as Associate members and pay 50% of the annual subscription. Evidence of current financial membership of the other U3A is required.

Membership fees after 30th June will be 50% of the annual subscription.

Life members are exempt from payment of the subscription. Other than this exemption, the rights and obligations of life members are the same as those of other full members.

*Honorary members are also exempt from payment of the subscription.*⁷

⁵ U3A Castlemaine – Statement of Purposes and Constitution, ©U3A Castlemaine Inc., January 2016, Reg. No. A0017409G, Section 6.

⁶ U3A Castlemaine – Miscellaneous Policies, ©U3A Castlemaine Inc., Version 1, August 2016.

⁷ U3A Castlemaine – Membership Subscription Policy, ©U3A Castlemaine Inc., Version 1.8, December 2016.

3. Funds

3.1 U3A Castlemaine - Statement of Purposes and Constitution, Section 26

*1. The funds of U3A Castlemaine shall be derived from annual subscriptions, donations, grants, fund raising activities and such other sources as the Committee may determine from time to time.*⁸

3.2 Policy 10 – Grants, Donations and Bequests

This policy documents the policies and procedures for receiving and processing grants, donations and bequests received by U3A Castlemaine Inc.⁹

4. Payments

4.1 U3A Castlemaine - Statement of Purposes and Constitution, Section 20

*1. All cheques, drafts, bills of exchange, promissory notes and other negotiable instruments shall be signed jointly by any two Office Bearers.*¹⁰

4.2 Payment Policy

The majority of payments by U3A Castlemaine are for or in relation to activities and events that have already been approved by the Committee of Management (CoM). [...] Exceptions will be submitted to the CoM for approval.

The Treasurer (or in the Treasurer's absence, his or her delegate) is authorised to make payments on behalf of U3A Castlemaine Incorporated. Where such payments are made by cheque or EFT they still need authorisation by two approved signatories (one of whom may be the Treasurer).

*The Treasurer will advise the CoM at each meeting of all such payments made since the previous advice.*¹¹

5. Winding Up or Cancellation

5.1 U3A Castlemaine - Statement of Purposes and Constitution, Section 27

*1. In the event of winding up or cancellation of the incorporation of U3A Castlemaine, the assets of U3A Castlemaine shall be distributed to other similar non-profit organisations and in accordance with the provisions of the Act [Victorian Associations Incorporation Reform Act 2012].*¹²

⁸ U3A Castlemaine – Statement of Purposes and Constitution, ©U3A Castlemaine Inc., January 2016, Reg. No. A0017409G, Section 26.

⁹ U3A Castlemaine – Policy 10 - Grants, Donations & Bequests, ©U3A Castlemaine Inc., Version 2, May 2017.

¹⁰ U3A Castlemaine – Statement of Purposes and Constitution, ©U3A Castlemaine Inc., January 2016, Reg. No. A0017409G, Section 20.

¹¹ U3A Castlemaine – Payment Policy, ©U3A Castlemaine Inc., February 2015.

¹² U3A Castlemaine – Statement of Purposes and Constitution, ©U3A Castlemaine Inc., January 2016, Reg. No. A0017409G, Section 27.

6. Accounting Basis

6.1 The following accounting policies have been adopted by U3A Castlemaine:

a. Income & Expenditure

Expenditures are recognised when incurred and the amounts known. Revenues are recognised when the funds are received. ¹³

b. Non-Current Assets (Property, Plant & Equipment)

The following policy was adopted by the Committee of Management on 16 April 2018:

- Write off existing Non-Current Assets at the end of the 2017-18 Financial Year.
- For future acquisitions, Non-Current Assets less than \$5,000 be expensed as and when they are acquired and amounts are known.
- Non-Current Assets of \$5,000 and over will be held in the Balance Sheet at Cost and depreciated over the estimated useful life of the asset.
- The Asset Register will continue to be maintained for purposes of safeguarding our assets and for insurance coverage. ¹⁴

c. Volunteers' time

The value of volunteers' time is not recognised in the financial reports. ¹⁵

7. Annual General Meeting

7.1 U3A Castlemaine - Statement of Purposes and Constitution, Section 10

3. The ordinary business of the Annual General Meeting shall be:

(a) ...

(b) ...

(c) ...

(d) to receive and consider financial statements for the Financial Year;

(e) to receive the report of the auditor; and

(f) to appoint an auditor for the ensuing year. ¹⁶

7.2 U3A Castlemaine - Statement of Purposes and Constitution, Section 6

1. The amount of the Annual Subscription will be determined at the Annual General Meeting or a Special General Meeting called for that purpose and is due on the 1st January and payable before the 1st April each year. ¹⁷

¹³ Each Annual Financial Report to the Annual General Meeting, from 2016 onwards

¹⁴ March 2018 Finance Report to U3A April Committee of Management, Approved by the COM on 16 April 2018.

¹⁵ Each Annual Financial Report to the Annual General Meeting, from 2016 onwards

¹⁶ U3A Castlemaine – Statement of Purposes and Constitution, ©U3A Castlemaine Inc., January 2016, Reg. No. A0017409G, Section 10.

¹⁷ U3A Castlemaine – Statement of Purposes and Constitution, ©U3A Castlemaine Inc., January 2016, Reg. No. A0017409G, Section 6.

8. Audit

8.1 Audit requirements under the Victorian Associations Incorporation Reform Act 2012

U3A Castlemaine is a not for profit association incorporated under the Victorian Associations Incorporation Reform Act 2012. Under the Act, such Associations must prepare an annual financial report giving a true and fair view of its financial performance and position, present it to members at the AGM and lodge an annual return to Consumer Affairs Victoria (using MyCAV). Tier 1 entities (annual revenue less than \$250,000) are not required to have an external review or audit unless the members so decide. Tier 2 entities (annual revenue - \$250,000 to \$1 million) must have their financial statements reviewed by an independent accountant, in accordance with Auditing Standards on Review Engagements. Tier 3 entities (annual revenue over \$1 million) must have their financial statements audited by an independent auditor in accordance with Australian Auditing Standards.

Tier 1 associations do not have any additional reporting requirements. They do not need to have their financial statements externally reviewed or audited unless:

- their rules state otherwise (audit or review)
- a majority of members vote to do so at a general meeting (review only), or
- the Registrar of Incorporated Associations directs them to do so.

8.2 U3A Castlemaine Policy on appointment of an Auditor

(a) Annual General Meeting, 7 October 2016 - Minutes

Appointment of Auditor:

Dick Mack advised the meeting that the Committee of Management, after considering the financial requirements laid down for Associations such as U3A Castlemaine Inc., recommends that an Auditor be not appointed until the financial position of U3A Castlemaine reaches the threshold where an Auditor is required – such a situation being unlikely in the foreseeable future.

Motion: That an Auditor be not appointed for the 2017 financial year.

Moved: Dick Mack. Seconded: Bev Orgill. CARRIED.¹⁸

(b) Special General Meeting, 3 November 2017 - Minutes

Motion 2: That being a Tier 1 Association with an annual income of less than \$250,000 and not legally required to appoint an Auditor, and instead having a Certified Bookkeeper to check the annual accounts, U3A Castlemaine Inc will not appoint an Auditor for the 2017/18 financial year.

Moved: Clive Sharplin, Seconded: Chris Harper.

The motion was put to a members' vote. Carried unanimously.¹⁹

¹⁸ Annual General Meeting, 7 October 2016 - Minutes

¹⁹ Special General Meeting, 3 November 2017 - Minutes

Procedures

Topic	Procedure - Description	Related Documents
Accounts Payable	Pay all accounts within appropriate timeframes.	Operational Manual: Committee Positions, Treasurer
	Accounts Payable Officer - assists the Treasurer in the payment of accounts.	Accounts Payable Officer Role Description
	Accounts Payable procedure to be followed for electronic payments delegated to the Accounts Payable Officer. Cheque & petty cash payments handled by the Treasurer.	Accounts Payable Process
Annual End of Financial Year Reports – to the CoM	<p>The Consumer Affairs website advises that:</p> <ul style="list-style-type: none"> Treasurer should present the financial statements at a committee meeting. Record the presentation of the financial statements in the minutes of the meeting and authorise two committee members to sign a Submission of financial statements to annual general meeting (Word, 24KB). Note: this form does not need to be lodged with Consumer Affairs Victoria. If satisfied with the statements, the committee can pass a resolution confirming that they give a 'true and fair' view of the association's financial affairs and agree to present the statements to the members at the annual general meeting. Record the resolution in the minutes of the meeting and authorise two committee members to sign a Schedule 1, Regulation 15, Form 1 (Word, 25KB) after the AGM. Note: this form does not need to be lodged with Consumer Affairs Victoria. 	
Annual Financial Reports to the AGM	Present Annual Financial Reports to the AGM.	Operational Manual: Committee Positions, Treasurer
Annual Statement – Required by the Victorian Government	Provide financial information for the Annual Statement required by the Victorian Government.	Operational Manual: Committee Positions, Treasurer
Asset/Equipment management & Asset Register	<p>Keep an accurate register of assets. Delegated to the Property & Equipment Officer.</p> <p>The Asset Register is maintained by the Property & Equipment Officer. Copies are also held by the Treasurer and on the Office computer which is backed up regularly.</p> <p>Review the Asset Register annually for insurance purposes. Annually calculate the depreciated value of assets of \$5,000 & over, for end-of-year financial reporting.</p>	Operational Manual: Committee Positions, Treasurer & Non-Committee Positions, Property & Equipment Officer
	Asset/Equipment management - Role & responsibilities of the Property & Equipment Officer.	Operational Manual: Non-Committee Positions, Property & Equipment Officer

Topic	Procedure - Description	Related Documents
Assistant Treasurer	Role & responsibilities of the Assistant Treasurer.	Operational Manual: Non-Committee Positions, Assistant Treasurer
Audit of accounts at end of financial year	At the end of the financial year submit all financial documents to be reviewed or audited as required by the Audit policy above.	Operational Manual: Committee Positions, Treasurer
Banking	Banking of monies received is handled by the Assistant Treasurer. Class levies are either banked by the Assistant Treasurer or can be banked by the tutor with email advice to the Treasurer.	
Budget – Annual Budget for Calendar Year	Prepare an annual budget for the following calendar year and present it to the Committee in April/May of the current year.	Operational Manual: Committee Positions, Treasurer
Donations	Donations from members can be made in cash or via PayPal. Ensure donations are identified and recorded in the accounts. Send thank you emails for donations.	U3A Castlemaine – Policy 10 - Grants, Donations & Bequests Donations – How to Identify – Procedure, January 2018
Events & Excursions	Receipts & payments for events and excursions will be recorded with a job code in MYOB for reporting purposes.	
Finance Working Group	Role: <ul style="list-style-type: none"> • To provide advice & assistance to the Treasurer. • To review the monthly & end of year Finance reports to the CoM & AGM. • To conduct good governance recommendations. • To make recommendations to the CoM on proposed income or expenditure. • To make recommendations to the CoM on Financial Policies & Procedures. 	Operational Manual: Working Groups of Committee, Financial Working Group
Financial Reports to the Committee of Management – Monthly	Present monthly financial reports to the CoM for approval.	Operational Manual: Committee Positions, Treasurer
Financial status of members	Maintain accurate data on the financial status of members by ensuring that financial data in MyU3A is correct.	Operational Manual: Committee Positions, Treasurer
Funds Management	Manage the funds of U3A Castlemaine that are not required for ongoing expenditures by using suitable bank Term Deposits.	
Funds received & class levies	Funds received are receipted and banked intact. A minor exception is where a class or group agree to collect a small levy from each of the attendees which is spent directly on class or group materials or equipment.	

Topic	Procedure - Description	Related Documents
Good governance recommendations	<p>Recommend as good governance that members of the CoM/FWG take it upon themselves to regularly (at least quarterly):</p> <ul style="list-style-type: none"> • Review the monthly financial reports and query any unusual/unexpected items; • Verify the bank account and term deposit balances; • Review the bank reconciliation; • Scrutinise the accounts payable schedule and seek explanation/documentation regarding any unusual payments; and, • Review the banking of receipts. 	August 2016 Finance Report to September U3A Committee of Management. Also all subsequent monthly Finance reports to the CoM.
Grants & Fund-raising opportunities	<p>Advise on financial aspects of relevant grant & fund-raising opportunities.</p> <p>Provide financial information for grant acquittals.</p> <p>Record Grant income & expenditure with a job code in MYOB to aid reporting.</p>	<p>U3A Castlemaine – Policy 10 - Grants, Donations & Bequests</p> <p>Operational Manual: Committee Positions, Treasurer</p>
GST – BAS	<p>U3A Castlemaine Incorporated is registered for GST. A quarterly Business Activity Statement (BAS) is submitted to the ATO showing GST received and paid. This enables U3A Castlemaine to get a refund for GST paid on goods and services where this exceeds GST received.</p>	BAS Statements
Insurance – VMIA (Victorian Managed Insurance Authority)	<p>Victorian Government insurance program for Community Service Organisations.</p> <p>Ensure that VMIA insurance is current.</p>	VMIA Insurance Policy
Insurance – Property & Equipment	<p>Ensure that the assets of the organisation are covered by property insurance that sufficiently covers the replacement value of the assets.</p>	Insurance Policy
Invoices – from U3A Castlemaine	<p>A paper invoice from U3A Castlemaine can be raised if required. This invoice is not usually entered to MYOB.</p>	Tax Invoice book
Monies Received – Receipting	<p>Receipting of money received. Delegated to the Assistant Treasurer for cash, cheque & money order receipts.</p> <p>Paper receipts are used for monies received. For annual enrolment days, hand written receipts are not normally used except as backup. A receipt can be printed from MyU3A if required.</p> <p>Monies received are also handled by Office Volunteers at the Office. These are checked and banked by the Assistant Treasurer.</p>	<p>Operational Manual: Committee Positions, Treasurer & Non-Committee Positions, Assistant Treasurer</p> <p>Office Procedures</p>
Monies Received – MyU3A Reconciliation	<p>The MyU3A reconciliation report (Daily Cash Report) is printed at the close of an annual enrolment day. The cash, cheques & money orders on hand are reconciled to the totals on the report before banking.</p> <p>During the rest of the year, monies received are reconciled to the MyU3A Reconciliation report by the Assistant Treasurer.</p>	Operational Manual: Non-Committee Positions, Assistant Treasurer

Topic	Procedure - Description	Related Documents
MYOB	<p>MYOB is used to record all financial transactions. The master copy of MYOB is held on the computer in the Office. A backup copy is taken each time MYOB is updated. A duplicate copy of MYOB is then transferred to the Treasurer's PC.</p> <p>A bookkeeper (paid) is used to enter data to MYOB & to provide advice to the Treasurer.</p>	
MYOB - Reconciliation of accounts	<p>Ensure that the following are reconciled regularly, usually monthly:</p> <ul style="list-style-type: none"> - bank accounts (statement a/c & term deposits) - cash drawer (MYOB) - PayPal - Petty Cash - Assistant Treasurer's float 	<p>Bank Statements PayPal Statements</p>
MYOB & MyU3A Reconciliation	<p>Reconciliation of monies received for membership subscriptions, newsletters & donations between MyU3A & MYOB. Ensure this is carried out regularly.</p> <p>Entering membership receipts to MYOB using the MyU3A receipt number makes this easier.</p>	
PayPal	<p>Membership subscriptions can be paid by PayPal.</p> <p>Ensure that details of membership subscriptions paid by PayPal are transferred to MyU3A by regularly running the PayPal import to MyU3A. This step ensures that those members who did not come back from PayPal to MyU3A are recorded in My3A as having paid by PayPal.</p> <p>Transfer money from PayPal to U3A Castlemaine's bank account.</p> <p>The PayPal email account contains details of payments plus other information from PayPal such as requests by PayPal to update business information.</p>	<p>PayPal Download Procedure, January 2018</p>
Petty Cash	<p>Small amounts of \$20 and under can be reimbursed from Petty Cash for approved expenditure. All claims to be accompanied by a receipt for the expenditure.</p>	<p>Reimbursement Request form</p>
Refunds	<p>Refund membership subscriptions for membership cancellation or for overpayments.</p> <p>Refund by electronic payment is preferred.</p>	<p>Overpayments Procedure, January 2018</p>
Reimbursements	<p>Members can be reimbursed for approved expenses by completing the Reimbursement Request Form. All claims to be accompanied by a receipt for the expenditure. Electronic payment is preferred.</p> <p>Class expenses or other expenditures that are not part of the normal running of U3A Castlemaine to have CoM approval prior to expenditure.</p> <p>Any purchases that are approved and paid for by U3A Castlemaine, remain the property of u3a Castlemaine.</p>	<p>Reimbursement Request form</p>
Request for Payment	<p>The Request for Payment Form may be used to request direct payment to an organisation for services such as deposit on bus hire.</p>	<p>Request for Payment form</p>

Topic	Procedure - Description	Related Documents
Signatories	Keep the following signatories up to date: <ul style="list-style-type: none"> - Bendigo Bank - PayPal - ATO/Australian Business Register (ABR) - Castlemaine Office Supplies 	

Responsibilities

1. The Committee of Management is responsible for good financial management. They are ultimately responsible for transparency, accountability and stewardship of all financial matters to ensure that the objectives of U3A Castlemaine are met.
2. The Treasurer is responsible for monitoring that the above policies and procedures are carried out.
3. The Treasurer is responsible for reviewing this document on a regular basis, at least annually.

Authorisation

This Financial Policy document was approved and adopted by the Committee of Management on 21 May 2018 except for clause 2.2 which requires investigation regarding the opening of MyU3A for a new membership year.

Abbreviations

CoM = Committee of Management

FWG = Financial Working Group

Last Updated: 22 May 2018