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# *Recovery First Foundation*

## *Financial Controls Policy*

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## **Financial Controls**

1) Financial records must be kept so that:

The Foundation meets its legal and other statutory obligations, such as Charity Acts, IRD and common financial laws.

The trustees have proper financial control of the Foundation.

The Foundation meets the contractual obligations and requirements of funders.

2) The books of accounts must include:

A cashbook analyzing all the transactions appearing on the bank accounts.

A petty cash book if cash payments are being made.

Inland Revenue transactions if registered for PAYE.

3) Accounts must be drawn up at the end of each financial year within 3 months of the financial year end and presented at the next Annual General Meeting.

4) Prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year.

5) A report comparing actual income and expenditure with the budget should be presented to the trustees every three months or whenever meetings take place.

6) The AGM will approve the accounts for the past year and approve the budget for the next financial year and may appoint an Auditor to audit the accounts

## **Banking**

1) Recovery First will bank with ANZ Bank at its Albany Branch and accounts will be held in the name of Recovery First Foundation. The following accounts will be maintained:

Charity Account No 1: Cheque 010274-0138680-01

Charity Account No 2: Go Account 010274-0138680-00

2) The bank mandate (list of people who can sign cheques on the Foundations behalf) will always be approved and minuted by the trustees, as will any changes to it.

3) Recovery First will require the bank to provide statements every month and these will be reconciled with the cash book monthly and the treasurer will spot check that this reconciliation has been done at least twice a year, signing the cash book accordingly.

4) Recovery First will not use any other bank or financial institution or use overdraft facilities or borrow without the agreement of the trustees.



## **Internet Banking**

- 1) Internet banking may be used for payment of invoices and transferring of funds.
- 2) All documentation required for electronic payments will be obtained, completed, checked and authorized by the Board of Trustees.
- 3) Access to the online banking by individual users to authorize payments, add new payees, set up standing direct debit orders, must be approved by the Board of Trustees.
- 4) The inclusion of new bank accounts onto the system and the deletion of old accounts must also be approved by the Board of Trustees.
- 5) The authorization of transactions on the online banking system should not differ from those implemented on a manual paper-based system.
- 6) Monitoring of use of online banking system
  - a. Payments and transfers (including internal transfers).
  - b. Setting up new accounts.
  - c. Deletion of accounts.
  - d. Payroll transactions, with particular focus on start and finish dates for staff members.
- 7) Security controls regarding access to the online banking and passwords.
- 8) Security Issues
  - a. All passwords/user names/codes must not be stored within the office environment. This will prevent unauthorized individuals from accessing them, Passwords may be memorized and destroyed rather than stored where they can be accessed.
  - b. Passwords/user names/codes should be confidential therefore they must never be shared between individual users. They should be unique and individual to named authorized users of the online banking system.
  - c. Passwords/user names/codes should be changed regularly. They should automatically lapse after the expiration of a given time e.g. 90 days. This will automatically require them to be changed.

## **Income**

- 1) All monies received will be recorded promptly in the cash analysis book and banked. Recovery First will maintain files of documentation to back this up.

## **Payments (expenditure)**

- 2) The aim is to ensure that all expenditure is on Recovery First business and is properly authorized and that this can be demonstrated. The latest approved budget should provide the cheque signatories with authority to spend up to the budgeted expenditure, but not beyond it.
- 3) The Treasurer will be responsible for holding the cheque books (including unused and partly used cheque books) which should be kept under lock and key.
- 4) Blank cheques will NEVER be signed.



- 5) The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.
- 6) No cheques should be signed without original documentation.
- 7) Eftpos card is the responsibility of the Operations board member for petty cash transactions.
- 8) All Eftpos transactions should be backed up by an original invoice.

### **Payment documentation**

- 1) Every payment out of Recovery First bank accounts will be evidenced by an original invoice (never against a supplier's statement or final demand). That original invoice will be retained by Recovery First and filed. The cheque signatory should ensure that it is referenced with:
  - Cheque number
  - Date cheque drawn
  - Amount of cheque
- 2) The only exceptions to cheques not being supported by an original invoice are items such as advanced booking fees for a future course, deposit for a venue, etc.
- 3) Wages and Salaries. There will be a clear trail to show the authority and reason for EVERY such payment; e.g. a cheque requisition form asking for payment to an employee, etc. All employees will be paid within the PAYE IRD regulations.
- 4) All staff or volunteers appointments/departures will be authorized by the trustees, minuting the dates and salary level. Similarly, all changes in hours and variable payments such as overtime, etc, will be authorized by the trustees.
- 5) Expenses / allowances. Recovery First Foundation will, if asked, reimburse expenditure paid for personally by staff, providing:
  - Fares are evidenced by tickets.
  - Other expenditure is evidenced by original receipts.
  - Car mileage is based on local authority scales.
  - No cheque signatory signs for the payment of expenses to themselves.

### **Cheque Signatures**

- 1) Each cheque will be signed by at least two people.
- 2) A cheque must not be signed by the person to whom it is payable (Recovery First will have to ensure having enough signatories on their bank mandate).

### **Other rules**

- 1) Recovery First Foundation will not accept liability for any financial commitment unless properly authorized. Any orders placed or undertakings given which are likely to cost Recovery First Foundation in excess of \$1,000 must be authorized and minuted by the trustees.
- 2) In exceptional circumstances such undertakings can be made with the Chairperson's approval who will then provide full details at the next meeting of the trustees.



- 3) All fundraising and grant applications undertaken on behalf of the Foundation will be done in the name of Recovery First Foundation with the prior approval of the trustees or, in urgent situations, the approval of the Chairperson who will provide full details at the next trustee's meeting.
- 4) Recovery First Foundation will adhere to good practice in relation to its finances at all times, e.g. when relevant it will set up and maintain a fixed asset register stating the date of purchase, cost, serial numbers and normal location of assets.

### **Trust and the Bank (ANZ)**

- 1) To change who can use the account, including any authorized signatories, or how Recovery First will use the account, the bank and all the authorized signatories will need to agree. Any changes will only take effect once everyone who needs to, signed the standard bank form or a new master account mandate and it's returned to the bank.
- 2) Recovery First needs to inform the Bank (ANZ) immediately if any trustees change or if Recovery First's deed of trust changes. If any trustees change, all trustees need to sign a new master account mandate. The bank will require evidence of the changes.