



# BAREFOOT INITIATIVE

## 002 FINANCE POLICY

<b>Policy number:</b> 002	<b>Version:</b> 1.0
<b>Drafted by:</b> Kerry Taylor	<b>Board approval date:</b> 22/01/20
<b>Responsible person:</b> Co-Managing Directors	<b>Scheduled review date:</b> February 2022
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### OUTLINE

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### 1. PURPOSE

The purpose of this policy is to ensure that board members, donors, partners and beneficiaries of Barefoot Initiative programs clearly understand and can see:

- a. How and why donations/sponsorships are generated, received and managed
- b. How and where Barefoot Initiative money is being used.
- c. How Barefoot Initiative undertakes budgeting and financial forecasting
- d. The extent and nature of financial management powers exercised by directors, staff, volunteers, partners or other persons associated with Barefoot Initiative whom it deems fit to exercise financial discretion on its behalf.

## 2. SCOPE

This policy applies to all Barefoot Initiative personnel and implementing partners who are undertaking projects with Barefoot Initiative funds.

## 3. DEFINITIONS

**Finance** refers to any and all areas having to do with money and its management within or related to the operations of Barefoot Initiative.

## 3. LEGAL OBLIGATIONS

Barefoot Initiative Ltd is a not-for-profit company registered under the Corporations Act and is a registered charity with ACNC. The ATO has granted income tax and GST exemptions and has granted DGR (Deductible Gift Recipient) status. It is a legal obligation for Barefoot Initiative to lodge its financial statements with the ACNC by 31 December of each year and these are available to the general public and Barefoots membership alike to view. Barefoot due to its tax exempt status is not required to lodge an income tax return with the ATO each year and is not required to furnish an annual return with ASIC as it is regulated by the ACNC. Barefoot Initiative Ltd and its directors are committed to complying with its obligations under the various acts and laws regulating the charity space for a charity that operates both in Australia and in other countries.

## 4. POLICY STATEMENT

Barefoot Initiative is committed to having open, transparent and accountable policies and procedures governing its financial management. As a volunteer run organization, it is the responsibility of all board members to ensure that the organization manages its finances ethically, efficiently and accountability.

## 5. POLICY IN PRACTICE

### 6.1 Bank Accounts

- a. All bank accounts must be in the name of the organisation.
- b. No account may be opened in the name of an individual or individuals.
- c. All donations received by Barefoot Initiative must be banked in a Barefoot Initiative's bank account as appropriate.
- d. Accounts may only be opened by a decision of the Board, which must be recorded in the minutes.
- e. For all financial transactions over \$5,000, two Board members must sign a payment authority.
- f. There will be one signatory/authoriser for all financial transactions at the financial institution. This includes cash, cheques and internet banking once clause 4(e) has been fulfilled.
- g. Where applicable, the signatories are responsible for examining the payment documentation (receipts, invoices, purchase orders) prior to authorising payments
- h. Blank cheques must never be signed.

## 6.2 Cash

Cash may be used to purchase goods and services in-country (e.g. Ethiopia) where other methods of purchasing are not available or excessively expensive. Cash will not be used in Australia to make purchases. We will use Debit/Credit cards or Electronic Funds Transfers.

In order to prevent fraud and safely carry out our business the following procedures will be used:

- a. No more than \$5,000 will be carried by cash by any one person at any time
- b. At least two people will be present at the cash exchange and both will concur that the transaction was accurate, wherever possible.
- c. Cash exchanges will be documented in the most practical means available, either by receipt, diary notes or photographic evidence.
- d. These documents will be kept and recorded in the accounting system on return to Australia

## 6.3 Debit/Credit Cards

- a. Debit/Credit cards will be issued to a specified person, who will remain personally accountable for the use of the card. Cardholders will be decided by a decision of the board.
- b. Only the authorized signatory may use the card.
- c. The credit limit (if any) on the card shall be determined in accordance with the financial delegation limits below
- d. Debit/Credit cards may be used for the following types of expenditure and transactions
  - i. Any expenses related to approved project budgets
  - ii. Any expenses associated with the administration of Barefoot Initiative
  - iii. Any expenses within the cardholders normal delegated authority
  - iv. Not to be used for personal expenses
  - v. Cash withdrawal whilst overseas to be in accordance with the cash procedure above.
- e. It is the responsibility of the cardholder to ensure that:
  - i. In all cases obtain and retain sufficient supporting documentation to validate the expense (e.g. tax invoice) or shall in lieu provide a signed statement
  - ii. Attach these to the monthly statement from the bank
  - iii. Review the monthly statement for inaccuracies (and report these to the Treasurer or Board)
  - iv. Verify that that goods and services listed were received
  - v. Take adequate measures to ensure the security of the card
  - vi. Notify the bank and the Board immediately if:
    - The card is lost or stolen
    - Any unauthorised transaction is detected or suspected
  - vii. Return the card to the Board if
    - the Cardholder resigns
    - the Board determines that there is no longer a need for the cardholder to retain his or her card
    - the Organisational Debit Card has been cancelled by the bank.
  - viii. Be personally liable for any unauthorised transaction unless the card is lost, stolen or subject to fraud on some part of a third party
  - ix. The cardholder will not authorise their own expenditure
- f. Debit/Credit Card Misconduct

Wherever a breach in this policy occurs, the Board must assess the nature of the breach and if significant, report the breach to the police for criminal investigation or if lesser in nature, institute an appropriate disciplinary process:

- i. in the first instance, counselling and or verbal warning (and diary or file note created)
- ii. in the second instance, a written warning
- iii. in the third instance, or if the dollar amount is greater than \$1,000 the card is to be immediately withdrawn.
- iv. At the next Board Meeting the Board shall report:
  - the investigation of the circumstances of the breach
  - police report and action (if any)
  - disciplinary action taken (if any)

## 6.4 Annual Budget

- a. An annual budget, setting out the organisation's financial plan for the year, will be prepared so that the Board can approve it before the start of each financial year.
- b. The draft budget will be prepared by the Managing Director(s) and reviewed by the treasurer before being approved by the Board
- c. The budget will be revised and updated by May of each year to ensure the organization's projections are within range, new information can be incorporated and any necessary adjustments/reallocation of funding can be made if required. This will prevent unnecessary reporting of variances.

## 6.5 Financial Reports

- a. A quarterly financial report will be prepared and circulated to the Board no less than one week before the relevant Board meeting.
- b. In months where no Board meeting occurs, the financial reports will be circulated by email.
- c. The quarterly financial report will consist of:
  - i. Balance sheet
  - ii. Budget variance
- d. The reports will be prepared by the Managing Director(s) and will include an analysis of the organization's financial position.
- e. It is the responsibility of all Board members to read, understand and analyse the financial reports, ensure that the organization's financial position is sound and is operating accountably.
- f. A balance of bank accounts to be reported monthly at Board meetings or via email.

## 6.6 Accounting and other financial records

- a. Barefoot Initiative maintains its financial records using Xero Online Accounting Software
- b. The system records all instances of the following:
  - i. EFT, cash and Cheque deposits and payments
  - ii. Transfers between organizational accounts
  - iii. International funds deposits, payments/transfers
  - iv. Credit card transactions
- c. Wherever possible, every transaction should be substantiated by an Australian tax invoice or other appropriate official document which details:
  - i. the date of the transaction
  - ii. the name of the person, company or entity the money was received from or paid to
  - iii. the full amount including tax
  - iv. A brief description of why the money was received or paid
- d. The verifying document should be reconciled on a fortnightly basis with transactions recorded in the accounting system. Where a tax invoice or verifying document is not available, a signed statement about the transaction should be completed by the staff member concerned, and recorded with the relevant payment.
- e. Originals, or appropriate digital copy, of all receipts/transaction documentation should be retained for 7 years and filed according to the month of the transaction.
- f. All tax-deductible gift amounts to Barefoot Initiative are to receive a tax receipt.

## 6.7 Procurement

- a. Barefoot initiative will purchase goods and services to meet the objectives of the organisation. Decision makers will keep the following in mind when making purchases with Barefoot Initiative's funds:
  - i. Maximize value for money and reduce costs of procurement
  - ii. Link procurement with the vision, aims and activities of Barefoot Initiative
  - iii. Provide a framework that supports accountability

- iv. Provide an “arms length” decision making process
  - v. Ensure that due consideration is made in purchasing decisions of how suppliers contribute socially, environmentally and ethically to the economy and community
- b. All purchases will be made in accordance with the delegations outlined below.
- c. All purchases of goods and services need to take into consideration environmental factors including:
  - i. Transportation;
  - ii. Waste produced: including packaging, chemicals, etc.
  - iii. Use of recycled materials
  - iv. Ethical and environmental standards of supplier
  - v. Ethical standards of labelling e.g. fair trade, rainforest alliance
- d. Gifts other than items of small intrinsic value should not be accepted from suppliers or prospective suppliers. If a conflict of interest exists the person must immediately declare this conflict.
- e. Where possible, and considering both environmental factors and value for money, it is preferable to support the local AFAR/Ethiopian economy.
- f. It is the responsibility of **management and supervisors** to ensure that:
  - i. employees are familiar with their obligations in accordance with this policy;
  - ii. that all purchases will be in accordance with approved budgets or delegations
  - iii. that careful consideration is employed concerning environmental factors of the purchase
  - iv. that all purchases are processed effectively and in a timely manner.
  - v. that all waste is disposed of in a responsible manner
- g. It is the responsibility of **employees** to ensure:
  - i. that they are familiar with this policy
  - ii. that they have purchases approved by the relevant person.
  - iii. that careful consideration is employed concerning environmental factors of the purchase
  - iv. that all purchases are processed effectively and in a timely manner.
  - v. That all waste is disposed of in a responsible manner

## 6.8 Financial Delegations

- a. The Managing Director(s) is authorised to make financial and resourcing decisions and spend organizational funds to the value of \$2,000 without requiring authorization.
- b. For expenditure or resource decisions which will have financial implications above \$2,000 the Managing Director(s) must seek approval from the Board.

## 6. MONITORING & REVIEW

The Co-Managing Directors are responsible to ensure that this policy is followed by implementing partners and will also be responsible to review this policy every two years where amendments will be made and shared with the Board of Directors for validation.