



CAIRNS HOCKEY ASSOCIATION
INC

FINANCIAL POLICY

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1. OVERVIEW

1.1 Management of banking, and cash flows generally

1.1.1 Bank accounts

The primary business account will be via a normal trading account.

Short and long-term investments may be created, however the account/s should be at the same banking facility as the trading account.

All day-to-day transactions are to pass through the trading account. None of these transactions are to go through short or long-term investment accounts.

All funds received should be banked daily, except where:

- a) there is an amount of less than \$500 in cheques
- b) where cash is received after banking hours.

1.1.2 Authorised signatories

All cheques are to be signed by the General Manager who accepts prime responsibility for the correctness of the payment and counter signed by an authorised member of the Board (President, Vice-President, Finance Director or any other Board Member so designated by the Board of Directors). All cheques shall be crossed "Not Negotiable". For cash cheques, the Facility Manager or other endorsee designated by the Board may sign with the General Manager.

1.1.3 Control of Cash Management account

The cash management account is maintained to attract a higher rate of interest on funds being held which are surplus to current needs, but which are calculated to be needed within a shorter time frame than applies to other investment funds. Transfers of funds between the Cheque account and the Cash Management account are to be affected by the Internet and arranged by General Manager. Each month transfers to or from the investment account are to be approved by the Finance Committee.

1.1.4 Petty Cash

To be reimbursed on an as need basis. The float should not exceed \$150. Expenses or costs incurred would include stationery, postage, taxi, car parking, entertainment and advances.

1.1.5 Member Loyalty Programme

Credit cards will be used where possible to take advantage of the various programmes that are available.

1.1.6 Use and control of credit cards

Bank Business Cards or any like financial Business Card are used, principally to facilitate access to funds for Cairns Hockey Association activities. Such cards are issued to nominated persons and their use is restricted to transactions of the kind indicated at the time the Finance Committee approves the issue of the card. Payment of the account occurs monthly.

1.2 Investments

1.2.1 In formulating investment policy, these factors need to be considered:-

1.2.1.1 Maximisation of income sources including interest on investments will be an important budgeting objective.

1.2.1.2 As an organisation, any form of risky or speculative investment is not permitted.

Cairns Hockey Association will need to consider suitable long-term investments for reserves, sinking funds and the like, as well as investment of temporary surplus funds.

1.2.2 Authorised Investments

1.2.2.1 Term deposits with Australian Banks

1.2.2.2 Bank endorsed bills of exchange

1.2.2.3 Bonds and debentures carrying a Commonwealth or State guarantee

1.2.2.4 Bonds issued by an Australian Bank and debentures issued by bank owned finance companies.

1.2.2.5 Other trustee investments as determined by Queensland Law.

Investments in categories 1.2.2.1, 1.2.2.2 and 1.2.2.3 may be made by the General Manager after consultation with the Director of Finance but other investments need prior Board approval upon the recommendation of the Finance Committee.

1.2.3 Availability of Funds for Investment

Cairns Hockey Association's activities, and the nature and variety of funding sources, result in substantial movements of funds, in and out, on an often irregular base.

An important part of the Finance Committee responsibilities is to track and project likely movements of funds for the budget year and as far ahead as is practical. Sources of information will include the current budget, competition plans, government and other funding expectations, monthly analysis of actual cash movements, and detailed cash flow forecasts.

1.3 Fixed Assets

1.3.1 Authorisations

The principal approval mechanism for acquisition of assets is the Annual Budget. Each year in September, for the year from the next 1 October to 30 September, the Finance committee will be given recommendations or suggestions by the General Manager for capital expenditures.

As a general rule such expenditures will be in the order of not more than the amount expected to be expended as depreciation for the coming year.

The Finance Committee will approve or not, as part of the overall budget consideration, considering cash flow effects as well as surplus or deficit of income over expenditures.

Additional or emergency authorisations may be sought by the General Manager from the Finance Director, in the course of the year.

Purchases of items of value no more than \$1000 may be authorised by the General Manager, providing they are within the overall budget approval.

1.3.2 Maintenance and control

This is the responsibility of the General Manager, who may delegate as appropriate - especially in those circumstances where assets are kept outside the general office.

1.3.3 Re-evaluation of Non Current Assets

Land and buildings are revalued at no more than three yearly intervals. Individual assessments are obtained of the fair market value of land and buildings based on existing use. Revaluation investments are credited directly to the asset revaluation reserve.

1.3.4 Acquisition and Disposal of Non Current Assets

It is the responsibility of the General Manager to provide a report to the Finance Committee detailing the various requirements.

1.3.5 Depreciation

The depreciation amount of all fixed assets including capitalised leased assets, are depreciated over their estimated useful life, commencing from the time the asset is held ready for use. The applicable Australian Accounting Standard and other professional requirements must be applied.

1.3.6 Record keeping

It is the responsibility of the General Manager to keep an Asset and Depreciation Register that records details of all assets, and will include cost and date of purchase, as well as annual and cumulative depreciation provisions and annual written-down values.

1.4 Inventories

Inventories consist of technical publications, merchandise and uniforms, and are measured at the lower of cost and nett realisable value.

2. FINANCIAL PLANNING AND REPORTING

2.1 Annual Budget

2.1.1 Preparation

Is the responsibility of the elected Finance Committee, of which the Director of Finance is Chair. The General Manager prepares it with input from the various business sections. It is to be prepared in a format that is consistent with earlier budgets (to facilitate comparisons) and with the structure of the accounting reporting systems (which in turn relies on budgeting requirements).

2.1.2 Creation of Reserves

Cairns Hockey Association should maintain sufficient reserves to cover a normal year's revenue, derived from institutions or organisations other than member bodies. Therefore budgets shall always provide for the creation and maintenance of such reserves as well as covering current expenses.

2.1.3 Input and timing

It is the responsibility of all Cairns Hockey Association Board Members and Staff Managers to provide input to the budget considerations, to reflect any achievable objectives in accordance with policy, for the various spheres of activity. The Finance Committee will call for such input based on a timetable that will support completion of each year's budget by the end of September preceding the 1 October commencement.

2.1.4 Format

Budgets will be prepared to identify all major categories of income and expenditure, along the following broad lines:

- Incomes to include member's fees, government grants, sponsor contributions, and other sources including interest on investments
- Expenditures grouped as administrative costs (including depreciation on assets and transfers to and from reserves), marketing and promotion costs, all coaching expenditures, competition costs (with national separated from local), and a sundries group

With the difference between these two groups reflected as surplus or deficit.

2.1.5 Capital expenditures

The purchase of long-term assets subject to depreciation, are not included in the income and expenditure categories, do not reflect in the surplus or deficit figure, and consequently require separate identification and approval.

The Finance Committee will first satisfy itself that such commitments are affordable and will be in Cairns Hockey Association's interest, and then that funds will be available to finance such acquisitions. The amount of projected depreciation will give some guide since this, along with such as provision for long service leave, are expenditure items that do not directly result in cash outflow.

2.1.6 Approval

The Board in a formal meeting. Delegates of affiliated Associations at the Annual General Meeting.

2.1.7 Insurances

The Board, on the recommendation from the Finance Committee, will seek expressions of interest and select insurance brokers for a term of two to three years.

The brokers will look at insurable risks of the Association and recommend types and levels of cover at least annually. The recommendations will be submitted to the Board through the Finance Committee for decision.

The General Manager is responsible for ensuring that the determined levels of insurance are covered by current policies and proper records kept regarding insurances.

2.2 Financial Reports

2.2.1 Monthly report detail and timing

The report detailed below will be produced for each month of the year except September (exempted due to year-end balance sheet preparation). Prompt preparation, as close as practical to seven days from the end of the month, is the responsibility of the General Manager.

2.2.1.1 Monthly Financial Report

This compares actual incomes and expenditures for the year to date to the year's budget totals.

2.2.1.2 Monthly Balance Sheet and Income and Expenditure Statement

Includes the current book value of all assets and liabilities, in addition to restating the income and expenditure values.

2.2.1.3 Bank Reconciliation Statement

Confirms that the bank balance included in the balance sheet reconciles to that shown by the bank at month end. Also lists all outstanding (unpresented) cheques at month end.

2.2.1.4 List of cheques drawn

Sets out complete details of all cheques drawn during the reporting month. Serves as detailed information and a form of internal audit. The list includes appropriate references to any cheques which have been cancelled / written back after issue.

2.2.2 Distribution of reports

A full set is given to members of the Finance Committee on a monthly basis and to the individual Board members at Board Meetings.

2.3 Annual Balance Sheet & Profit & Loss

2.3.1 Timing

Prepared by the Director of Finance (Treasurer) and to be completed as quickly as practical after the annual balance date of 30 September, and no later than 31 October. External auditing is required in accordance with the Constitution. (Further details in section 2.4)

The financial year shall be from 1st October in one (1) year to the 30th September in the following year.

2.3.2 Supporting details schedules

Note: that additional care is required (in comparison to monthly reports) to ensure maximum accuracy and that all costs and incomes applicable to the financial year are recognised and brought to account. Also that any income received or costs incurred which relate to subsequent years are appropriately excluded.

Detailed schedules and analyses required will include: Prepaid insurances or other costs; Long service leave provisions; Assets held; costs, depreciation for current and prior years, written down values; Accrued (incurred but unpaid) supplier accounts or other expenditures; Annual Leave entitlements at 30th September; Investments held, when maturing and rates of interest being earned; Interest due on investments at 30th September; Detail of any unexpended grants or sponsor contributions.

2.4 Auditing

2.4.1 Annual statutory audit

Balance sheet and income and expenditure statement, with supporting notes to the accounts and schedules, will be audited at least annually.

2.4.2 Government grants

In addition audit statements, are required to cover Government grants received - to confirm that expenditures have been made in accordance with the conditions of the grants. These are also referred to as Acquittal Reports.

2.4.3 Credit

Is to be provided based on the constitution and rules to affiliated Hockey Associations. Also credit can be provided to National and Interstate Hockey Associations subject to payment within 30 days. No credit is to be provided to Hockey Clubs. No credit is to be provided to individuals or third parties unless authorised by the General Manager. If such credit is for a period in excess of 30 days or exceeds \$2500, prior Board approval is needed. A list of debts that have not been paid within the allowable credit period is to be made and reviewed by the General Manager monthly and any debts 90 days overdue reported in writing to the Board.

2.5 Taxation

All statutory requirements for an incorporated Association must be complied with.

2.6 GST (Goods and Services Tax)

The General Manager is to ensure that Cairns Hockey Association has an approved and current ABN (Australian Business Number) and is registered for GST. All GST requirements are to be adhered to appropriately. The BAS (Business Activity Statement) is to be prepared on a quarterly basis utilising the accrual accounting system.

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