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Acknowledgment needs to go to several generations of community minded workers and volunteers who have set their minds and pens to the task of making financial management concepts and practice accessible to ordinary people. Their publications have been vital stepping for this current production.

In addition, the following specific acknowledgments are made:

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liz Morrigan</td>
<td>who was contracted to work on the first draft and developed the final version</td>
</tr>
<tr>
<td>Bernadette Phillips</td>
<td>who created the now infamous Quintessential Neighbourhood House in Core Street, Essence</td>
</tr>
<tr>
<td>Bookkeeper, ANHLC</td>
<td></td>
</tr>
<tr>
<td>Clare Corbet</td>
<td>who designed the first draft</td>
</tr>
<tr>
<td>Information Resource</td>
<td></td>
</tr>
<tr>
<td>Coordinator, ANHLC</td>
<td></td>
</tr>
<tr>
<td>Merial Clark</td>
<td>who planned and implemented the training sessions, developed the concept of the CD based resources and templates based on feedback from those training sessions and completed the final formatting of the document</td>
</tr>
<tr>
<td>Executive Officer, ANHLC</td>
<td></td>
</tr>
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<td>Jenni Bramham</td>
<td>who provided practical and insightful advice from the stance of a practitioner</td>
</tr>
<tr>
<td>Vermont South Community House</td>
<td></td>
</tr>
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<td>Carmen Delgado</td>
<td>who contributed the material on Electronic Banking</td>
</tr>
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<td></td>
</tr>
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<td>who provided examples of Financial Policies</td>
</tr>
<tr>
<td>LLINC, Pakenham</td>
<td></td>
</tr>
</tbody>
</table>

Email feedback during 2007 - 2009 to anhlc@anhlc.asn.au with the subject title: “Financials Systems and Procedures Manual”

Financial legislation and regulation changes over time. Houses/Centres, as frontline financial management practitioners, regularly create new financial systems to accommodate those changes. If you develop an effective new financial management tool that could be included in future editions of this Guide or have any other comments please let us know.

The information included in the guide is provided with due consideration and in good faith. It is not intended to substitute for financial or legal advice. Any mistakes the material provided that are brought to our attention will be corrected in future editions. ANHLC accepts no responsibility for any consequences that may result from actions taken by any party in relation to the information provided herein or any omission of information.

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Introduction

This Guide will provide you with basic information and layout to enable you to create a Financial Systems and Procedures Manual for your House or Centre. The idea for this package, ie. this Guide and the accompanying CD, arose from the necessity for good financial management and accountability and for the documentation of policies and procedures. It is hoped this package makes the job of documentation a little easier and the financial systems of your House/Centre clear and accessible.

The concept involves providing an outline of a Manual and additional resource material so you can simply add your House or Centre details, insert your relevant financial documents and have a customised Financial Systems and Procedures Manual ready to use. Your Manual will be a practical introduction to your House/Centre’s financial systems and procedures and a valuable resource. Remember people do things differently: document your financial systems.

The Manual you create will be an important reference for your House/Centre and part of an induction kit for your new treasurer and/or bookkeeper as well as other members of staff. The first four sections could be incorporated into your Committee Orientation Kit.

The Package consists of this Guide plus a CD, which can be found in a plastic pocket affixed to the inside back cover. On the CD you will find a copy of this guide in .pdf format and a template “Word” version as well as lots of resource material grouped under the same section headings as used in this Guide. The section headings will also be the section headings in your House/Centre Manual.

Each section in the Guide begins with an explanation of the topic and general information that applies to all or most Houses/Centres. Next there are examples or templates showing what could be included in your Manual. Additional information and examples can be found on the CD. As you work through the Guide you will be alerted to these resources by the appearance of a “CLICK HERE” BLUE HYPERLINK. HYPERLINKS in the Guide take you to a document on the CD.

Instructions and suggestions throughout the Guide appear in italics.

How to use the Guide

Identify who needs to be involved in the process of creating your organisation’s Financial Systems and Procedures Manual and set aside some time to work together.

You will need:

- a lever arch file (to hold your Manual and make it easier to update)
- plastic pockets (to hold your House/Centre specific documents)
- the CD included (containing resource material and templates)
- your computer and relevant House/Centre documents
- a hole punch etc

This Guide will be your Guide!
First, access the folders on the CD. The screen will look like this (depending on your computer's operating system).

Open the Financial Systems & Procedures Manual Template.doc “Word” version of the Guide from the Manual Template folder on the CD and “Save as” XX NH Financial Systems and Procedures Manual. Go through each section and fill in the details for your House/Centre and collect the relevant documents and/or identify their location. Use the resources in the Guide and on the CD (use the “CLICK HERE” BLUE HYPERLINKS to go directly to each resource) and modify descriptions to suit your situation. Have open on your computer both your new Manual and the PDF version of the Guide as you work so you can easily access the resources on the CD. In addition, you will need Excel and Adobe reader applications on your computer to use the resources. The examples in Excel can be modified before copying and pasting to your new Guide.

Remember this package is about you creating your House/Centre’s own Financial Systems and Procedures Manual. The examples are provided to support you in documenting your policies and procedures not to replace them. This documentation process may prompt your House/Centre to review and revise financial policies and procedures but that is not the primary purpose.

When you have finished working through each section, delete this introduction in your new Manual and write your own! Also delete all the “CLICK HERE” BLUE HYPERLINKS and the instructions & suggestions in ‘italics’ as you complete each section.

Your Manual, once created, will contain very valuable information about your House/Centre; it will need to be available for use and it will need to be stored securely. It will be a working document and needs to be kept up to date.

**Keeping the Financial Systems and Procedures Manual Up to Date**

Include guidelines on keeping your manual up to date in the Manual’s introduction.

CLICK HERE FOR SAMPLE GUIDELINES FOR KEEPING OUR MANUAL UP TO DATE
Section 1 Where Does the Money Come From? Where Does it Go To?

This section gives an overview of where funding comes from, how much funding and how these funds are spent by the House/Centre. Tables and charts present financial information in broad categories to give the current picture and an historical overview of the organisation’s funding, costs and assets.

Where Does the Money Come From? - Income

XX Neighbourhood House runs on an approximate total annual budget of $XYZ,000.

The following table shows the main sources of funding, the program under which funds are received, the approximate amount and the percentage of the overall House/Centre budget that this amount represents.

<table>
<thead>
<tr>
<th>Main Sources of Funding</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Victorian Communities (DVC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neighbourhood House Coordination Program (NHCP)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Human Services (DHS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home &amp; Community Care (HACC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult, Community and Further Education (ACFE) Funding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Contact Hour (SCH) Delivery Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Government Recurrent Grant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership &amp; Student Fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund raising</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$XYZ,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

Edit the Table to suit your House/Centre, use categories relevant to your organisation. Remember the purpose of this section is to provide an overview. If you wish to create a pie chart as below you will need to create Tables in Excel.

CLICK HERE FOR A COMPLETED EXCEL SAMPLE MAIN SOURCES OF FUNDING TABLE

![Pie Chart Diagram]

CLICK HERE FOR INSTRUCTIONS FOR CREATING A PIE CHART

Where the adobe reader icon appears next to the CLICK HERE hyperlinks, hold down the control key before clicking to open .pdf links in a new window.
**Where Does the Money Go To? - Expenditure**

The following table shows the main expenses of XX Neighbourhood House, approximately how much is spent on each type of expense and the proportion of the total this amount represents.

<table>
<thead>
<tr>
<th>Overview of Expenses</th>
<th>$$ Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staffing costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Significant cost A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Significant cost B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Childcare</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent &amp; Utilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$XYZ,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Edit the Table to suit your House/Centre, use categories relevant to your organisation. Remember the purpose of this section is to provide an overview. If you wish to create a pie chart as below you will need to create Tables in Excel.*

**CLICK HERE FOR A COMPLETED EXCEL SAMPLE OVERVIEW OF EXPENSES TABLE**
## Historical Financial Overview

XX Neighbourhood House has been operating for 00 years. The table below gives an historical financial overview of the past XX years.

<table>
<thead>
<tr>
<th></th>
<th>200X</th>
<th>200X</th>
<th>200X</th>
<th>200X</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td>$XXX,000</td>
<td>$XXX,000</td>
<td>$XXX,000</td>
<td>$XXX,000</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td>$XXX,000</td>
<td>$XXX,000</td>
<td>$XXX,000</td>
<td>$XXX,000</td>
</tr>
<tr>
<td><strong>Surplus (Deficit)</strong></td>
<td>$XXX,000</td>
<td>$XXX,000</td>
<td>$XXX,000</td>
<td>$XXX,000</td>
</tr>
<tr>
<td><strong>Net Current Assets (Working Capital)</strong></td>
<td>$XXX,000</td>
<td>$XXX,000</td>
<td>$XXX,000</td>
<td>$XXX,000</td>
</tr>
<tr>
<td><strong>Non Current Assets</strong></td>
<td>$XXX,000</td>
<td>$XXX,000</td>
<td>$XXX,000</td>
<td>$XXX,000</td>
</tr>
</tbody>
</table>

*Edit the Table to suit your House/Centre, use your last 4 year’s Annual Reports. Remember the purpose of this section is to provide an overview. If you wish to create a graph you will need to create the Table in Excel.*

**CLICK HERE FOR A COMPLETED EXCEL SAMPLE HISTORICAL FINANCIAL OVERVIEW TABLE**
## Overview of Program/Project Funding

XX NH receives funding under programs/projects that require separate reporting. Sometimes the name used by the House/Centre for a particular program is different from the name of the government program under which the funding is received. This table lists the source of funds and both the funding body program name and the name used within the House/Centre.

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Funding Body Program Name</th>
<th>House Project/Program Name</th>
<th>$$ Amount</th>
<th>Recurrent funding? Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>DVC</td>
<td>NHCP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small Volunteering Grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DHS</td>
<td>HACC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Take-a-Break</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Domestic Violence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACFE</td>
<td>Delivery funding</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sustainability funding</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>State Works and Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Community Learning</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Partnerships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Adult Learners’ Week</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Government</td>
<td>NH Funding</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Community Grants/Partnership Grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Art &amp; Recreation Grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Small Community Grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vic Health</td>
<td>Active for Life</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dept of Defence</td>
<td>Family Support FP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group Training</td>
<td>Work for the Dole</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philanthropic Trust</td>
<td>Annual Grants Program</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Edit the Table to suit your House/Centre, use categories relevant to your organisation. Remember the purpose of this section is to provide an overview.*

CLICK HERE FOR A COMPLETED EXCEL SAMPLE OVERVIEW OF PROGRAM/PROJECT FUNDING TABLE
Section 2  To Whom are We Financially Accountable Outside the House/ Centre? How do We Account to Them?

This section outlines external financial accountability for Neighbourhood Houses and Learning Centres and how that accountability is fulfilled. All NH & LCs are financially accountable to bodies or organisations outside their House/Centre. This accountability depends on the legal structure, the financial structure, funding and service agreements and contracts related to other funding.

Legal Structure: The Associations Incorporation Act 1981

Most Neighbourhood Houses are Incorporated Associations. This is a legal structure that is governed by legislation. In Victoria, the particular piece of legislation is: The Associations Incorporation Act. This Act, among other things, defines the legal financial requirements that apply to our organisation. This type of accountability is sometimes referred to as statutory or legislative accountability.

The Act defines:
- accounting standards
- auditing
- financial reporting
- annual statement requirements.

The Act and its related requirements are administered by Consumer Affairs Victoria which is part of the Department of Justice.

CLICK HERE FOR CONSUMER AFFAIRS VICTORIA "FACT SHEET NO 3" ON STATUTORY OBLIGATIONS
CLICK HERE FOR CONSUMER AFFAIRS VICTORIA "FACT SHEET NO 5" ON ANNUAL STATEMENTS

The requirements of the Associations Incorporation Act are outlined in the House Constitution which is based on the Model Rules for an incorporated association. Model Rules are written to accord with the Act.

A copy of our Constitution, dated XX and a copy of our Certificate of Incorporation can be found in the next display pocket or XX.

CLICK HERE FOR CONSUMER AFFAIRS VICTORIA “FACT SHEET NO 2” ON MODEL RULES

Financial Structure: Australian Taxation Office

Neighbourhood Houses are accountable to the Australian Taxation Office in relation to the income tax of their employees, registration as an Income Tax Exempt Charity (ITEC), Australian Business Number (ABN) registration and payment of the GST where applicable.

CLICK HERE FOR ANHLC RESOURCE ON GST AND NHs & LCs

Current PAYG tax tables, information regarding our ITEC status, copies of our ABN registration documents and information about our GST liabilities and exemptions can be found in the following display pockets or are located XXX

CLICK HERE FOR ANHLC RESOURCE ON INCOME TAX EXEMPTION OF NHs & LCs
**Funding and Service Agreements**

Most Neighbourhood Houses receive funding from one or more government departments, also referred to as funding bodies. A Funding and Service Agreement outlines the accountability requirements that apply to this funding. The location of each of our Funding and Service Agreements is listed in the next table.

**Other Funding Contracts**

Many Neighbourhood Houses receive funding from Philanthropic Trusts and various community grant schemes. To get this funding it is necessary to sign a Funding Contract which outlines the funding accountability of the Trust or Scheme. The location of each of our Funding Contracts is listed in the next table.

**Location of Funding and Service Agreements**

The following table lists each source of funds by government (or other) program name, our House/Centre program name and the location of the relevant “Agreement” or “Contract”.

<table>
<thead>
<tr>
<th>Funding Body Program Name</th>
<th>House Project/ Program Name</th>
<th>Where the Agreement or Contract is filed/ stored</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHCP</td>
<td>Admin/Co-ordination</td>
<td></td>
</tr>
<tr>
<td>HACC</td>
<td>Aged Needs/ Disability Support</td>
<td></td>
</tr>
<tr>
<td>Take a Break</td>
<td>Childcare</td>
<td></td>
</tr>
<tr>
<td>ACFE Childcare</td>
<td>Childcare</td>
<td></td>
</tr>
<tr>
<td>Delivery funding</td>
<td>Courses</td>
<td></td>
</tr>
<tr>
<td>Commonwealth Equipment</td>
<td>Printer/Photocopier</td>
<td></td>
</tr>
<tr>
<td>Community Learning</td>
<td>Computer Training</td>
<td></td>
</tr>
<tr>
<td>partnerships</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Grants/</td>
<td>Set up new house</td>
<td></td>
</tr>
<tr>
<td>Partnership Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arts &amp; Recreation Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Community Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NH Funding</td>
<td>Council Co-ordination</td>
<td></td>
</tr>
<tr>
<td>Co-ordination &amp; Overheads</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active for Life</td>
<td>Walking Program</td>
<td></td>
</tr>
<tr>
<td>Family &amp; Support FP</td>
<td>FSFP</td>
<td></td>
</tr>
<tr>
<td>Work for the Dole</td>
<td>Community Cafe</td>
<td></td>
</tr>
</tbody>
</table>

*Edit the Table to suit your House/Centre, use categories relevant to your organisation.*

It may be useful to incorporate the information in this table with the Overview of Program/Project Funding Table on page 6; just add the extra column (Where the Agreement or Contract is filed/stored) to that table.
Section 3  How do We Give Account of the Money Inside the House/ Centre?

This section sets out how Neighbourhood Houses and Learning Centres give account internally of funds received and spent. Houses/Centres are financially accountable to the management committee and to the members. Accountability, both internal and external, requires a well set up and diligently used accounting system. It is also necessary for the roles and responsibilities of the key players to be clear and workable.

Financial accountability requires the recording and tracking of every financial transaction and regular monitoring of income and expenditure. The documents and systems for doing this are often referred to as “The Books”. Financial reports collate transactions into manageable bundles for easier and more useful scrutiny by those responsible for giving account.

Accounting systems can be manual, computerised or a mixture of both. Most organisations have a combination of hand written records, eg receipts, and computerised records, eg spreadsheets (Excel) and accounting software (MYOB/Quick Books). The information provided here in relation to setting up and operating a financial system is general only. Seek expert advice and assistance as needed.

Much of the language of accounts and financial management dates back to a time when all records and calculations were done by hand and the employer kept a separate book of accounts to keep check on those kept by the employees. Journals are the day to day record of transactions, usually recorded by date and often from another record such as a written receipt. Ledgers have two sides: a debit side and a credit side. Each transaction is recorded as a “debit” to one account and a “credit” to another. This method of recording is called double entry accounting. This double entry makes it possible to track the effect of each transaction on the accounting equation and take steps to keep it in balance. Programs such as MYOB and Quick Books do this automatically for each entry recorded. Terms used in accounting may have several meanings and one thing may be referred to using several different words. The Glossary includes some of these multiple meanings.

What Accounting System do We Use?

XX Neighbourhood House uses a computerised accounting system called XXXX.

Here give a brief description of the accounting system used by the House/Centre including the computer software (if applicable), the current available experts and the location of the relevant operating manuals.

A CHART OF ACCOUNTS is a list of account names and associated numbers. This list is usually arranged in the following order: Assets, Liabilities, Equity (referred to as Owner’s Equity in for-profit organisations), Income and Expenses. There is usually several or many “accounts” under each of these groupings. The chart of accounts is set up to enable ease of reporting both inside and outside the House.

The current chart of accounts for XX NH/LC is located in the next pocket or XXX

CLICK HERE FOR EXAMPLE OF CHART OF ACCOUNTS

It is well worth the time, effort and cost in setting up the chart of accounts to suit the context of the House/Centre. Accounting software allows the user to set up and modify the chart of accounts to suit the organisation’s needs. It is also possible to set up further sub-groupings for closer management of funds. The income and
expenditure for a particular program or site can be recorded using the job/class functions and program/site specific reports can be generated enabling closer monitoring and easier reporting to committees and funding bodies.

Note: the terms for setting up sub-groupings is different for MYOB and Quick Books. In MYOB, the costs associated with a particular site or purpose can be tracked by setting up a “job” or a “category” of income and expenditure. Costs can be shared across a “job” but not across a “category”. In Quick Books, costs associated with a particular site or purpose can be tracked by setting up “classes”. Refer to the relevant manual and/or local expertise for assistance with these functions. Strategic use of these functions brings the reports generated closer to the actual reporting requirements. It is highly advisable to obtain professional advice and training in the use of computerised accounting software.

CLICK HERE FOR AN EXAMPLE OF A PROFIT & LOSS REPORT USING “JOBS”

**Financial Reports**

Financial reports collate all the financial transactions for a period of time into a particular format. Each format offers a picture of the financial position of the organisation from a different point of view. The main types of financial reports are described below.

**Income and Expenditure Statement** (also referred to as “Operating statement” and “Profit and Loss Report”)
- Gives a Financial picture of past operation for a given period of time eg month, quarter, whole year
- Shows where money came from and how it was used
- Can be compared with the budget to show variance
- Shows any surplus/deficit (flows through to the balance sheet)

CLICK HERE FOR EXAMPLE OF PROFIT AND LOSS REPORT

**Balance Sheet** (also referred to as statement of financial position) shows the balance between the assets and liabilities of the House/Centre. The balance sheet gives a financial picture of the organisation at a particular point in time (often the end of financial year). It is a picture of overall financial health of the organisation.

The balance sheet shows what the organisation:
- owns or is owed ie. assets
- owes to others ie. liabilities
- financial reserves ie. working capital

CLICK HERE FOR EXAMPLE OF A BALANCE SHEET

**Cash Flow Forecast** (also referred to as statement of cash flows) is an essential tool when an organisation is “flying close to the wind” ie not much cash buffer between the day to day income and expenditure. A cash flow document:
- Identifies cash position at points of time in the future
- Shows when you think you will receive cash
- Shows when you think you will spend cash
- Shows resulting cash surplus or deficit
- Identifies cash flow problems
For most House/Centres, the annual budget process and regular reviews of variance provides sufficient cash flow analysis.

A **Budget** is an itemised listing of all estimated income which an organisation anticipates receiving, and all estimated costs and expenses that will be incurred by the organisation during a given period of time. A budget is typically for one business cycle, such as a year, or for several cycles (such as a five year capital budget). A Budget:

- Is a Financial plan for the future
- Shows what income you think you will receive
- Shows what you think you will spend

**CLICK HERE FOR A SAMPLE BUDGET DEVELOPMENT AND REVIEW PROCESS**

There are several types of budget reports used in financial management. The most common are: a **CASH BUDGET** which shows cash flow, an **EXPENSE BUDGET** which lists expected payments or costs, and a **CAPITAL BUDGET** which shows anticipated payments for capital costs and a **PROGRAM BUDGET**. A program budget is a budget for a particular program. It lists the income (funding for that program) and the expenses (costs for that program) separately in order to more closely track that income and monitor those costs.

**PROGRAM BUDGETING** refers to the process of formulating budgets and monitoring costs by program. Financial reports are generated for each program and budget variance can be monitored. Use the “jobs” or “classes” functions of accounting software to make program budgeting easier.

**CLICK HERE FOR AN EXAMPLE OF PROGRAM, JOBS OR CLASSES BUDGETTING**

**CLICK HERE FOR AN EXAMPLE OF A BUDGET VARIANCE P&L REPORT**

The **Annual Report** gives an account of the activities and achievements of the House/Centre and includes several financial reports:

- Consolidated Income and Expenditure report showing budget variance for the financial year
- Balance sheet as at the end of financial year
- An historical view eg Income/expenditure for the previous financial year or years and last year’s Balance sheet
- A graph or chart that represents important and relevant features of the financial position of the House/Centre

Our Annual Reports are located XXX and the most recent can be found in the next pocket.

**CLICK HERE FOR CONSUMER AFFAIRS VICTORIA “FACT SHEET NO 4” ON ANNUAL GENERAL MEETINGS**
When and How Financial Reports are Used

Financial reporting is an essential component of the monthly committee meeting. If the need arises, reports may be provided to the executive of the committee more frequently. The monthly financial reports are displayed at the House for all members to inspect and the committee reports to members on finances annually at the Annual General Meeting.

NH & LCs are guided by their financial policies as to the frequency and type of reports generated and analysed.

Our financial reporting policy states:

*Here incorporate a summary of the relevant financial reporting policies of your House/Centre*

Income and Expenditure Statements are prepared *monthly by treasurer, bookkeeper and co ordinator* and presented to the committee.

A Balance Sheet is prepared *monthly and annually by treasurer, bookkeeper and co ordinator*.

A budget is prepared *annually and reviewed 6 monthly by treasurer and co ordinator with input from whole committee and staff*.

*Adjust details in line with the policies of your House/Centre*

Copies of the current versions of all of these reports are in the following display pockets or are located XXX.

**CLICK HERE FOR QUESTIONS TO ASK WHEN READING YOUR FINANCIAL REPORTS**
Section 4  Who is Responsible for What Aspects of Managing the Money?

This section outlines who is responsible for what aspects of financial management and the policies that guide decision making. Financial management is a process that involves planning, coordinating, controlling and evaluating. It’s about making the best use of resources. Financial management is everybody’s business – it’s the responsibility of the whole management committee. The committee does not do the financial administration first hand, but is responsible for seeing that it gets done.

Financial Roles & Responsibilities of the Committee

As financial managers, committees are broadly responsible for all financial policies and planning and the development and monitoring of:

- Funding Strategy
- Accounting System
- Budgets
- Monitoring income and expenditure
- Managing cash flow
- Reporting to funding bodies
- Appointing auditor

CLICK HERE FOR CONSUMER AFFAIRS VICTORIA "FACT SHEET NO 8" ON MANAGEMENT COMMITTEES

The key financial players to whom the committee delegates various aspects of its financial responsibilities are:

<table>
<thead>
<tr>
<th>Position</th>
<th>Incumbent</th>
<th>Contact details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasurer</td>
<td></td>
<td></td>
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<tr>
<td>Bookkeeper</td>
<td></td>
<td></td>
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<tr>
<td>Accountant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co ordinator/Manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditor</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Edit the Table to suit your House/Centre, use categories relevant to your organisation.

The roles of these players are:

Treasurer

- Ensure compliance with all legal requirements as set out by the relevant legislation
- Ensure the co ordinator has an appropriate financial recording and reporting system
- Facilitate effective financial reporting to the committee

CLICK HERE FOR SAMPLE POSITION DESCRIPTION - TREASURER
**Bookkeeper**
- Regularly record details of all transactions in relevant journals, ledgers, and cash books
- Maintain a chronological system of keeping all source documents such as cheque butts, receipts, invoices etc.
- Produce financial reports

**Accountant**
- Produce financial reports
- Prepare annual accounts for audit
- Provide general advice on any matter relating to financial management
- Ensure adequate financial controls are maintained
- Internal audit

**Coordinator/Manager**
- Establish and maintain an appropriate financial management system
- Ensure completion of a financial plan and budget
- Report to the committee
- Ensure funding applications are submitted
- Ensure financial reporting to funding bodies
- Establish and maintain appropriate financial controls

**Auditor**
The auditor ensures accounts are drawn up in accordance with the requirements established by the relevant legislation. The auditor is appointed by the organisation’s members at the AGM. Note that the auditor must be a registered company auditor i.e. registered with the Australian Securities Commission.

**What Guides the Key Financial Players?**

**Financial Policy and Procedures**
The key financial players are guided by the financial policies and procedures of the House.

A policy is a set of guidelines that informs decision-making. Policies are based on the aims and philosophy of the organisation and relevant external requirements. Procedures are policy in action; procedures provide the steps to follow the policy.

The Financial Policies of our Neighbourhood House are listed below:
The following list covers some common important financial policy areas. Alter the list in accordance with your House’s circumstances. These areas overlap and one policy might cover several areas.
Financial Management: can include a number of financial policies in one document

Financial Control: sets out access and monitoring requirements, limitations on access and other security measures to ensure appropriate control over financial transactions

Financial Planning: how and when we do financial planning

Financial Reporting: what financial reports are generated, at what intervals and to whom they are provided for analysing

Audit: what is required of auditing, when and who and payment of auditor

Budget Development and Review: when and how the budget is developed and how monitored and reviewed

Investment and Banking: guides choice of banks and how and when surplus funds will be invested

Sources of Income: guides from whom we will accept/not accept funds and the types of fund raising activities that will be considered by the House/Centre

Accounting System: guides choice of accounting software, registers and procedures

Accounts Payable and Receivable: guides procedures related to paying suppliers and receiving payments for goods or services

Purchasing Policy and Procedure: guides procedures of purchasing services and equipment

Course Fees Policy:

Petty Cash: how much kept, who can use and what can be purchased etc

Asset Management: guides the purchase, management, maintenance and replacement of furniture, equipment, vehicles etc

Fixed Assets and Depreciation: guides the management of fixed assets and the process of depreciation to be followed

Insurance: guides type and level of insurances to be held by the House/Centre

Access to Information and Privacy: “privacy” policy of the House/Centre as required by the relevant legislation and policies related to dealing with the financial information of the House/Centre generally

Copies of our financial policies can be found in the following display pockets of the Manual or they are located XXX

CLICK FOR SAMPLE FINANCIAL POLICIES LIST

(Please note Sample Policies are not contained in the resources for all policies listed here)
Section 5  Managing the Money

This section outlines the day-to-day procedures for managing the money coming into and out of the House/Centre. It identifies who does what tasks and when and describes, in detail, the system of bank accounts, files and registers used by the House/Centre. Tasks and procedures set up for a mostly manual system may become obsolete when a computerised system is introduced or when banking and payroll are done electronically. The change over period needs to be managed carefully and often two systems run parallel for that period.

Who does What When?

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Timing</th>
<th>Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banking</td>
<td>Weekly</td>
<td>Admin worker/Co ordinator</td>
</tr>
<tr>
<td>Payroll timesheets</td>
<td>Fortnightly</td>
<td>Admin worker/Co ordinator</td>
</tr>
<tr>
<td>Payroll processing</td>
<td>Fortnightly</td>
<td>Bookkeeper</td>
</tr>
<tr>
<td>Payroll checking &amp; filing reports</td>
<td>Fortnightly</td>
<td>Bookkeeper</td>
</tr>
<tr>
<td>Accounts payable – regular bills</td>
<td>Monthly</td>
<td>Bookkeeper</td>
</tr>
<tr>
<td>Superannuation payment</td>
<td>Monthly</td>
<td>Bookkeeper</td>
</tr>
<tr>
<td>ATO payments (PAYG &amp; GST)</td>
<td>Monthly/Quarterly</td>
<td>Bookkeeper</td>
</tr>
<tr>
<td>Petty Cash Balance</td>
<td>Monthly</td>
<td>Bookkeeper</td>
</tr>
<tr>
<td>Recording mail in and out</td>
<td>Daily</td>
<td>Admin worker/Co ordinator</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bookkeeping</td>
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<td></td>
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<tr>
<td>Cash bookkeeping bank reconciliation</td>
<td>Monthly</td>
<td>Bookkeeper</td>
</tr>
<tr>
<td>Financial reports: Income &amp; Expenditure, Balance sheet</td>
<td>Monthly</td>
<td>Bookkeeper/Treasurer</td>
</tr>
<tr>
<td>Budgets &amp; cash flow</td>
<td>Quarterly</td>
<td>Treasurer</td>
</tr>
<tr>
<td>Assets Register changes</td>
<td>Annually</td>
<td>Treasurer</td>
</tr>
<tr>
<td>Depreciation schedule</td>
<td>Annually</td>
<td>Bookkeeper/Auditor</td>
</tr>
<tr>
<td>Annual statement (required for Associations): preparation &amp; lodgement</td>
<td>Annually</td>
<td>Treasurer/Public Officer</td>
</tr>
</tbody>
</table>

*Edit the Table to suit your House/Centre, adjust the ‘Person’ and Timing columns to your organisation’s circumstances.*
For How Long do We Retain and Store Financial Records/Documents?

The length of time particular categories of documents must be kept varies. In accordance with the general requirement of the Income Tax Assessment Act 1997, we keep our financial records for a period of five (5) years. Our financial records are archived once they are X years old. These archives are located XXX. Records are destroyed after X years.

CLICK HERE FOR LEGAL ADVICE ON RETAINING FINANCIAL AND OTHER DOCUMENTS

The System of Bank Accounts, Files and Registers Used by the House/Centre

Bank accounts – This table lists all our bank accounts, the type of account and the name of the bank.

<table>
<thead>
<tr>
<th>Name of account</th>
<th>Type</th>
<th>Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
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<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
</tr>
</tbody>
</table>

Bank statements – our bank statements are received monthly. All bank statements are filed in XXX

Deposit and cheque books – our deposit and cheque books are kept/filed XXX. Cheques require two signatures. The current list of signatories is:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Contact details</th>
</tr>
</thead>
<tbody>
<tr>
<td>XXX</td>
<td>Co ordinator</td>
<td>XXX</td>
</tr>
<tr>
<td>XXX</td>
<td>Admin worker</td>
<td>XXX</td>
</tr>
<tr>
<td>XXX</td>
<td>Bookkeeper</td>
<td>XXX</td>
</tr>
<tr>
<td>XXX</td>
<td>Treasurer</td>
<td>XXX</td>
</tr>
<tr>
<td>XXX</td>
<td>Chairperson</td>
<td>XXX</td>
</tr>
</tbody>
</table>

Electronic Banking

Electronic Banking involves connecting to the bank via a direct link modem using a software package, provided by the Bank, through which the Bank gives access to your bank accounts. The Bank connects your bank accounts directly to the software and assigns a number of passwords and keys to use the software and authorise transactions. It does not use the Internet. It is not Internet Banking. Savings can be made on bank fees and charges and in the time required to complete tasks such as paying bills.

CLICK HERE FOR MORE INFORMATION ON ELECTRONIC BANKING
CLICK HERE FOR AN INTRODUCTION TO ELECTRONIC BANKING PRESENTATION
Files
The following files have been set up:

Creditors (people we owe money to/bills)
Here describe the processes used to keep track of creditors.

Unpaid Invoice file: The original unpaid invoices (bills) are filed in alphabetical order/date/cheque number order. This file is located in XXX. It serves as a reference for any invoices incurred that have not been paid to date.

Paid Invoice file: Paid invoices are filed in alphabetical order by name of supplier/date/cheque number order. Adjust in line with your system. This file is located in XXX. It serves as a record of all invoices received and paid in current period.

Debtors (people who owe us money)
Here describe the processes used to keep track of debtors.

Raised invoice file: Raised invoice (one sent out by XXX Neighbourhood House/Centre) files are filed in date order/invoice number order. Adjust in line with your system. This file is located in XXX. It serves as a record of all invoices sent in the current period.

CLICK HERE FOR SAMPLE RAISED GST INVOICE

Personnel files: These files contain personal information relevant to each staff member’s employment. This includes wages and leave records. They are used by the auditors to verify the level of earnings of each employee through hours worked and authorised salary rates. Information in these files is protected by the Information Privacy Act. They are kept secure and can only be accessed by the co-ordinator, the bookkeeper and the auditor.

Payroll files: These files are where all approved payroll sheets are filed in chronological order together with approved fortnightly salaries/wages summaries for direct deposit authority. Information in these files is protected by the Information Privacy Act. They are kept secure and can only be accessed by the co-ordinator, the bookkeeper and the auditor.

Registers
The following registers have been set up:

Mail inwards & outwards register: This register is located in XXX. It records all mail sent and received. It serves as a permanent record of mail sent and received and in particular traces the receipt of income and the payment of creditors/bills. It also provides a record of the date mail was received in the office and to whom it was given.

Other registers
Here list other registers used by your House/Centre.

Cash security system
Here describe the systems set up to ensure all cash and cheques are secure until deposited at the bank. Does the House/Centre have a safe?
Recording transactions

Every financial transaction must be recorded. Often each will be recorded several times eg handwritten receipt, day journal and then in a computerised system. The actual process will vary depending on the system used by the House/Centre; eg in some computerised accounting packages, income is recorded in ‘Make a Deposit’ and payments in ‘Write a Cheque’. Accounting software automatically creates the double entry system required by standard accounting practice. It is possible to set up a system such that course fees are recorded at the same time as enrolment with a single transaction.

Recording Income

The majority/some/a significant proportion of income received by XXX Neighbourhood House/Centre is in the form of grants from the Department of Victorian Communities (DVC), the Department of Human Services (DHS) and Adult, Community and Further Education (ACFE). The DHS, DVC and ACFE grants are received quarterly. All grants are received via electronic transfer.

Here outline the procedure for recording this type of income

Other forms of income ie. course fees, fund raising and donations are often received as cash or in the mail. The following procedures apply to the receipt of this other income that is not received electronically. These procedures are traditionally linked to the opening and registering of the mail.

Procedures are described under the following headings:

Mail Opening, Banking & Receipting Cycle

Recording Expenditure

The procedures that apply to expenditure are designed to ensure all transactions are recorded accurately and each payment is an authorised transaction. The following forms are required to be used:

- Purchase Order
- Cheque Requisition

Petty Cash

Here outline the Petty Cash procedure of the House/Centre

A copy of our standard cheque requisition form, purchase order form and petty cash voucher appears in the following display pocket.
Section 6  Paying the Staff

This section outlines the processes used to create and maintain employment records, pay staff and administer entitlements and deductions and pay the appropriate amount of WorkCover insurance. Further industrial matters, eg Work Choices, are not covered in this Manual. Refer to Section 8 for resources relevant to these areas.

Setting up for Employing and Paying Staff

As soon as a person is appointed, the following records should be set up:

- Personnel file
- Employee record
- Attendance record
- Training register
- Registration for superannuation

You will also need:

Payroll Record
- Registration for WorkCover
- Registration for PAYG tax
- Registration for Payroll tax
- Accident /injury register

These records are set up and maintained throughout the employment period and for a further seven years. Note: there is an important distinction between employing someone and engaging a contractor and differences in records and payments.

Personnel file
This file contains the position description, the contract of employment, superannuation documents, personal details, training or professional development undertaken etc

Employee Record
This record includes the following:

- Contact details
- Award classification
- Dates of engagement and termination of employment
- Authorised rates of pay which may change from time to time
- Absences and sick leave, annual leave and long service leave entitlements
- Australian Taxation Office Declaration form (including tax file number and specimen signature).

All employee files are protected by the terms of privacy legislation and can only be accessed by the co ordinator and the bookkeeper.

Adjust the details above to match your house circumstances

CLICK HERE FOR INFORMATION ABOUT PRIVACY LEGISLATION ☞

The Association of Neighbourhood Houses and Learning Centres (ANHLC Inc)
© January 2007
A copy of each of the employment related forms used by XX Neighbourhood House can be found in the next pocket.
The Privacy Policy of XX Neighbourhood House can be found at XX.
**CLICK HERE FOR SAMPLE NH&LC PRIVACY POLICY**

**Payroll**

*Describe the details of the procedure/steps for calculating and processing payroll.*

**CLICK HERE FOR AN EXAMPLE OF PAYROLL PROCEDURE**

**Compilation of Payroll**

In compiling the fortnightly payroll, the following items are calculated and reconciled where appropriate:

- Gross wages
- PAYG withholding (Tax)
- Net wages
- Superannuation
- WorkCover
- Other deductions

Records are kept of all of the above as well as the form the payment takes, ie cheque, cash, electronic funds transfer, in relation to each employee. Pay slips are printed and provided to staff at the completion of each payroll.

**CLICK HERE FOR EXAMPLE OF A PAY SLIP**

**CLICK HERE FOR ASU SUPERANNUATION RESOURCE DOCUMENTS**

**Salary packaging**

Salary packaging refers to a process in which employees “sacrifice” part of their salary and that amount is paid by the employer for employee benefits (eg motor vehicles, superannuation, childcare); thus deceasing the tax paid by the employee.

Expert advice should be sought by both employers and employees. Refer to ATO website for more information.

**CLICK HERE FOR SALARY PACKAGING ANHLC RESOURCE DOCUMENT**

**Staff entitlements, ie:**

- Annual Leave
- Sick Leave
- Long Service Leave

must be carefully calculated and recorded. They are reported annually.

**CLICK HERE FOR SPREADSHEET FOR CALCULATING LONG SERVICE LEAVE ENTITLEMENTS**

**CLICK HERE FOR INDUSTRIAL RELATIONS VICTORIA GUIDE TO LONG SERVICE LEAVE**
Section 7    Asset Management and Insurance

The first half of this section outlines how the assets of the House/Centre are managed and the second half lists the insurance cover for the House/Centre.

Asset Management

Assets can be current (liquid) or non-current (fixed). Cash and investments are current assets because they can be converted into cash very readily. Furniture, equipment and buildings are non-current assets. Non-current (fixed) assets are focused on here.

All organisations no matter how small have assets. They might include things like: computers, a photocopier, office furniture and equipment, classroom furniture and equipment, large pieces of indoor or outdoor children’s play equipment and domestic equipment.

The assets of XX Neighbourhood House include:

XXX

XXX

A complete and comprehensive list can be found in our Assets Register which is filed in XXX or can be found in the following display pocket. All warranties, software licenses, user manuals and other relevant documents are retained and stored XXX.

An Asset Register is a list of all non-current assets with specific information about each item to enable adequate monitoring and annual calculation of depreciation and current value of each item.

An asset register usually includes the following information about each item:

- A description of the item
- Serial number
- The supplier
- Date purchased
- Purchase price/original cost
- Estimated life of item
- Accumulated depreciation
- The depreciation rate (percentage)
- The location of the asset
- Disposal method and date
- Current value

Several similar items can be grouped together in the assets register eg 20 chairs.

Each financial year, the asset register needs to be up-dated and the current values and other columns adjusted.

CLICK HERE FOR SAMPLE ASSETS REGISTER

CLICK HERE FOR HOW TO SET UP AN ASSETS REGISTER
**Depreciation**

There are several purposes for tracking assets and their depreciation:

- Tax purposes
- Financial status
- Budgeting for replacement

For accounting (tax) purposes, purchases above a certain value are regarded as assets rather than expenses. This value is determined by the Australian Tax Office (ATO) and reflected in the organisation’s Asset Policy. In order to account for these assets accurately, an appropriate depreciation rate has to be established.

**Depreciation** rates vary with the type of asset and there are several different ways to calculate the depreciation of a particular item. In general, the depreciation rate is related to the “useful life” of the item. Each asset has a predicted useful life of several years and its original purchase cost is apportioned over all those years or “depreciated”. Standard depreciation rates can be obtained from the Australian Tax Office or from the accountant or auditor.

An asset is accounted for in the following way:

- The depreciation charge is listed as an expense in the Income and Expenditure Statement each year.
- The asset appears in the Balance Sheet at its historical value (purchase price) minus the accumulated depreciation charges each year since it was bought.

Thus the non-current (fixed) assets contribute to the financial status of the organisation.

Budgeting for replacement: if a replacement fund is needed, open a special purpose account and transfer a determined value which can be equal to your depreciation charge into this account. Then by the end of the asset’s life you will have accumulated a replacement fund.

**Insurance**

XX Neighbourhood House insurance requirements are covered by the State Government Insurance Program for Non Government Organisations, XXX company contents insurance, XXX Local Government building insurance and WorkCover.

**State Government Insurance Program**

As a DVC funded organisation we are provided with the following insurances:

- Public Liability
- Products liability
- Professional Indemnity
- Directors’ and Officers’ Liability
- Personal Accident Insurance for Volunteers

These insurances are provided through the Victorian Managed Insurance Authority. For further information on this cover refer to the Insurance Guide Community Service Organisations for the current year which is located in XXX.
Organisations that do not receive insurance through the Victorian State Government Insurance Program for Non Government Organisations must independently arrange appropriate insurance to meet their legal obligations as incorporated bodies.

XXX Company Contents Insurance
This policy currently has an annual premium of XXX. It insures us against loss in relation to the “Contents” of our House /Centre; in particular this insurance covers:

*Here list what this insurance policy covers, eg loss of computers.*

A copy of our current policy is located in XXX.

XXX Local Government Building Insurance
The XXX Local Government owns our building. They insure it for

- Building
- Glass
- Fire

The document outlining this policy and the arrangement between us and the local government is located in XXX.

WorkCover
WorkCover is the Victorian workers’ compensation insurance scheme. WorkCover insurance is compulsory for any employer with a total annual remuneration of more than $7,500. It insures the employer against costs if any staff member should suffer a work related injury or death.

The premium for a particular organisation is calculated taking into account the remuneration, the WorkCover industry classification and the individual workplace safety record.

Our current WorkCover rate is XX% and our current premium is $XXX. Our WorkCover Insurance agency is XXXX

Information about our WorkCover insurance is filed in XXX.

CLICK HERE FOR ANHLC RESOURCE ON WORKCOVER INSURANCE

*Adjust the descriptions and details about each type of insurance in line with your House/Centre.*
Section 8  Resources

Glossary of Financial Terms

This glossary has been compiled from Managing Money: a guide to understanding finances for community management groups produced by the Victorian Council of Social Service, City of Melbourne’s Flemington Community Centre and the Macauley Community Enterprise Network.

Accountability
The requirement that an organisation account to members and others for its activities. Financial accountability means providing information to others about how funds have been acquired and spent.

Accrual basis of accounting
The method of recording and reporting income in the period in which it was earned and expenses in the period in which they were incurred rather than when they were paid (as distinct from cash accounting).

Accrued
Added to or owing at the end of a financial period. Accrued items include unpaid bills, recreation leave owing, long service leave and sick leave owing.

Assets
Anything owned by the organisation which has economic value, including equipment, cash, investments and vehicles.

Audit
A systematic investigation or appraisal of procedures or financial information. An annual audit of the financial records of all companies and some other legal entities is required by law. These audits must be carried out by a person recognised to perform audits such as a registered auditor.

Balance sheet (also called statement of financial position)
This is a financial report that shows the balance between the assets and liabilities of the organisation. The balance sheet gives a financial picture of the organisation at a particular point in time (often the end of financial year).

Bank reconciliation
A statement showing the difference between the balance of an account as reported by the bank and the balance shown by the organisation's records and the particular items that account for this difference.

Break even point
The point at which the income exactly equals expenditure.

Budget
A financial planning document that includes a summary of expected or planned income and expenses for a period of time, often a year.

Budget variance
A report showing the difference between the budgeted and actual income and expenditure.

Cash accounting
The method of recording and reporting financial transactions only at the time the money is actually spent or received.

Cost centre
A program or section of the organisation for which income and expenses are tracked directly so financial reports can be generated for that area specifically.

Creditor
Any person or organisation to whom a debt is owed. (unpaid bills).

Debtor
A person or organisation who owes money to another, eg room users who you owe rent.

Deficit
The excess of expenses over income over a specified period of time. The equivalent of LOSS in a for profit organisation. A deficit is usually expressed in financial reports by the use of brackets eg ($354) or by a minus sign eg -$354.
Depreciation
1. The gradual decline in the service capacity and therefore value of fixed assets over time
2. The expense in an accounting period attributed to the decline in value.

Direct cost
A cost item which relates directly to a single program, activity or cost centre.

Double-entry bookkeeping
A system of bookkeeping based on the idea that for each financial transaction there is a credit to one account and a debit to another account.

Equity
1. Level of ownership in a property or business.
2. Accumulated funds and capital as listed in the balance sheet.
3. Available funds or net current liquid assets.

Expense
A cost incurred in the operations of an organisation in a specific period.

Fixed asset
A tangible long-term asset such as land, buildings or equipment. Also called non-current assets.

Fixed cost
The proportion of total costs of running an operation regardless of the level of service or production; eg telephone rental, core staff salaries.

Income
All monies received by an organisation including sales, donations and grants.

Indirect cost
A cost which cannot be directly linked to a specific project, area or program. Also called overheads.

Liability
An amount owing to another person or organisation.

Liquid assets
Cash and other assets readily convertible into cash including stock (can be sold) and debtors (can pay what they owe).

Notes to accounts (or notes to a financial report)
Concise explanations of reasons for particular figures in the report or the methods and procedures used in drawing up the financial report. The purpose of these notes is to assist readers in interpreting the report.

On costs
Additional costs of establishing an activity usually in reference to salaries. On costs include:
- superannuation
- WorkCover
- provisions for sick pay, long service leave and annual leave

Variable cost
All costs which ordinarily vary, either directly or indirectly, with the level of service or production, eg cost of materials, staff salaries for a specific project.

Viability
Financial viability is the ability to survive financially, ie the organisation has sufficient resources to pays costs and continue operating.

Written down value
The current value of an item recorded in the assets register and used to calculate the total worth of the organisation’s assets. Also called book value or current value.
## List of Resources on the CD

### Guide in PDF

### Manual Template in Word
- Financial Systems & Procedures Manual Template.doc
- Sample Guidelines for Keeping Our Manual Up to date.doc

### Resources for Section 1
- Sample Main Sources of Funding Table.xls
- Instructions for Creating a Pie Chart.pdf
- Sample Overview of Expenses Table.xls
- Sample Historical Financial Overview Table.xls
- Sample Overview of Program or Project Funding Table.doc

### Resources for Section 2
- Consumer Affairs Victoria “Fact Sheet No 3” on Statutory Obligations.pdf
- Consumer Affairs Victoria “Fact Sheet No 5” on Annual Statements.pdf
- Consumer Affairs Victoria “Fact Sheet No 2” on Model Rules.pdf
- ANHLC Resource on GST and NHs & LCs.pdf
- ANHLC Resource on Income Tax Exemption, DGR, PBI & the NH Sector.pdf

### Resources for Section 3
- Example of a Chart of Accounts.pdf
- Example of a Profit & Loss Report using "Jobs".pdf
- Example of Profit and Loss Report.pdf
- Example of a Balance Sheet.pdf
- Sample Budget and Review Development process.doc
- Example of Program, Jobs or Classes Budgetting.xls
- Example of a Budget Variance Report.pdf
- Consumer Affairs Victoria "Fact Sheet No 4" on Annual General Meetings.pdf
- Questions to ask when reading your financial reports.pdf

### Resources for Section 4
- Consumer Affairs Victoria "Fact Sheet No 8" on Management Committees.pdf
- Sample “Treasurer” Position Description.doc
- Sample “Bookkeeper” Position Description.doc
- Sample Financial Policies Folder
- Consumer Affairs Victoria "Fact Sheet No 6" on Accounting and Audit Requirements.pdf
### Resources for Section 5
- Legal Advice Note on Retaining Financial and Other Documents.pdf
- Introduction to Electronic Banking Presentation.pps
- Sample Raised GST Invoice.doc
- Example of Mail opening, Banking and Receipting Procedure.doc
- Example of Purchase Order Procedure.doc
- Sample Purchase Order Form.xls
- Example of Cheque Requisition Procedure.doc
- Sample Cheque Requisition Form.doc
- Example of Petty Cash Procedure.doc

### Resources for Section 6
- Privacy Legislation Folder
- Sample NH&LC Privacy Policy.doc
- Example of Payroll Procedure.doc
- Example of a Pay Slip.pdf
- ASU Superannuation Resource Documents.pdf
- Spreadsheet for calculating long service leave entitlements.xls

### Resources for Section 7
- Sample Assets Register.xls
- How to set up an assets register.pdf
- ANHLC Resource on Workcover Insurance.pdf

### Resources for Section 8
- Glossary of Financial Terms.pdf
- ANHLC Resource Document on Employer Representative Bodies and Unions.pdf
- List of Resources on the CD.pdf

CLICK HERE FOR A COPY OF THE LIST OF RESOURCES ON THE CD
Additional Resources and Bibliography

Australian Tax Office Website  www.ato.gov.au

Brackley, Ruby, *Let’s Figure it Out*; presentation for treasurers at ANHLC Statewide Conference, Dookie, 1998 unpublished.


Our Community Website  www.ourcommunity.com.au


Victorian Council of Social Service (VCOSS), *Community Employing Handbook: a guide to employment issues for community organisations*; VCOSS, Melbourne, 1993

(Please note both *Managing Money* and *Community Employing Handbook* are about to be republished & released by VCOSS, sometime in 2007)


CLICK HERE FOR ANHLC RESOURCE DOCUMENT ON EMPLOYER REPRESENTATIVE BODIES AND UNIONS  📄

CLICK HERE FOR ANHLC IR WORK CHOICES AND SECTOR COLLECTIVE AGREEMENT INFO PAPER  📄
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