

GUIDE TO FINANCIAL MANAGEMENT AND DELEGATIONS POLICY TEMPLATE

ABOUT THIS POLICY AREA

This policy guides how the organisation controls and safeguards its finances and manages financial systems.

A written financial management and delegations policy is required as part of meeting Standard 11 (Governance and accountability).

Standard 11 — governance and accountability

The organisation develops, implements and reviews procedures for financial delegations and internal controls in the organisation, and financial management including insurance management and management of service agreements.

Policy checklist

The following checklist will help you check that an existing policy covers this area adequately.

The policy should:

- say who will be responsible for financial management
- explain how financial systems will be established and managed
- say how delegations of authority for financial decisions will be documented
- show how the organisation will be protected from fraud and financial mismanagement
- contain clear procedures and actions
- indicate the timing of any actions
- show when it was approved
- show when it was last reviewed.

COMPLETING YOUR FINANCIAL MANAGEMENT AND DELEGATIONS POLICY

Using the policy template

The template provides some example statements. You can adapt these statements and include them in your policy or write your own statements to better suit the operations and services of your organisation.

To customise the policy template, click on the shaded sections **<<Insert text>>** and insert the information that is specific to your organisation.

When you have completed the policy template, delete the shaded instruction sections such as: [Refer to the financial management and delegations policy template guide for questions and/or examples to consider when customising this section.](#)

For further information on using the policy guides, refer to the information in *Using the policy templates and guides*.

Guidelines for each section of your policy

1. Purpose

When identifying the purpose of the policy, consider how it might apply to accounts and financial management systems. Your organisation may have particular stakeholders that you are accountable to for effective financial management, particularly if you raise public funds on a regular basis or maintain trust accounts.

2. Scope

To determine the scope of the policy, consider the following questions:

- Does this policy apply to all your organisation's accounts and financial systems?
- Does this policy apply to all staff?
- Does the organisation maintain any accounts (such as trust funds) that have specific guidelines and procedures?

3. Policy statement

If you are adopting the policy statement in the template, consider whether there any additional commitments your organisation wants to make.

In identifying the actions your organisation will take to implement this policy, you should include the following:

- maintaining appropriate records of financial transactions and accounts that comply with the Australian accounting standards
- implementing a system of approvals for financial transactions
- documenting delegations of authority for approving financial expenditure
- ensuring safeguards are in place to prevent fraud and financial mismanagement
- providing staff who are responsible for bookkeeping and financial management with relevant documented financial procedures.

4. Procedures

The procedures describe how your organisation achieves the aims and goals you have outlined in your purpose, scope and policy statement.

4.1 Maintaining appropriate records

In describing the bookkeeping and accounting system you will use, consider the following:

- whether the system will be manual or electronic and, if electronic, what software will be used
- use of the standard chart of accounts
- meeting Australian accounting standards
- ensuring that bookkeeping and associated activities such as payroll and taxation compliance are undertaken by appropriately skilled and qualified staff. Depending on the size and complexity of your organisation's accounts, you may need to have them overseen by a qualified accountant.

4.2 Approvals and delegations

Describe the main features of your financial delegations. This may involve the following:

- a broad description of what level or type of expenditure needs to be approved by the board or management committee
- what level or type of expenditure may be approved by specified staff positions
- what positions are signatories to cheques
- how expenditures are approved (including electronic transactions)
- how changes to delegations are approved
- petty cash systems and how these are to be used (if your organisation has a complex system for petty cash or complex reimbursement systems for expenditure by staff or board/management committee member, this should be detailed in a separate procedure).

If your financial systems and delegations are complex, you may need to detail the delegations in a specific chart that is either attached to this policy or filed elsewhere.

4.3 Preventing fraud and financial mismanagement

Describe the main features of how you safeguard your finances. This should include:

- procedures for obtaining and documenting approval for expenditure
- money receipting, banking and reconciliation processes for money received by the organisation
- monitoring and checking of accounts and bank reconciliations
- financial reporting to senior staff
- financial reporting to the board or management committee
- the role of the treasurer in checking financial records and reports.

4.4 Providing documented procedures

Describe what procedures will be documented in detail for staff, and which staff will use these procedures. These may include the following:

- money-handling procedures for staff collecting or processing money (receipting, banking, reconciling)
- bookkeeping instructions for staff entering financial transactions into the accounts
- petty cash procedures for all staff using petty cash
- monthly monitoring and checking procedures for the treasurer.

5. Other related policies and documents

List the other policies related to the financial management and delegations policy. The policy should be linked to:

- asset management policy
- budget policy.

6. Review processes

Consider how often the policy should be reviewed and the process for doing this:

- **frequency of review:** Most policies benefit from an annual review. The experience of implementing the policy is used to decide which changes are necessary. Consider reviewing your financial management and delegations policy as part of an annual review of your organisation's governance- and accountability-related policies or, if your organisation is small, perhaps over a three-year period. Critical incidents may prompt you to review the policy ahead of schedule.

- **responsibility for the review:** In most organisations, the senior staff and/or board or management committee would be responsible for reviewing this policy. In a large organisation, a manager of finances or administration manager would also be involved.
- **process for the review:** Decide which particular staff, volunteers, external people and organisations will provide input to the policy review.
- **decision-making process:** Who will review draft changes to the policy and approve changes? What will be the timeframe for the review process?
- **documentation and communication:** What records of the policy review process are needed? How will changes to the policy be communicated to staff implementing the policy? In a small organisation, this may be as simple as noting the changes at a staff meeting. In a larger organisation, an email memo may be needed.
- **key questions for the review:** Is the policy being implemented? Are procedures being followed? Is the policy clear? What has changed that may prompt a change to the policy? Have particular stakeholders had difficulty with any aspect of the policy? Can their concerns be resolved? How does the policy compare with that of similar organisations?