

CLAN Financial Management Policy

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1. Introduction

CLAN is a not for profit, non-government Incorporated Association committed to supporting children with non-communicable disorders in resource poor countries. CLAN is reliant on fundraising and donations to support its mission and vision. The mission of CLAN and budget requirements determine strategies for the scope of activities it can undertake over a three to five years timeframe. The Committee is responsible for overseeing the budget and that it operates within a sustainable financial framework.

2. Purpose

As a registered Non-Government Organisation, CLAN is accountable to government agencies, donors, supporters and partners. This policy is designed to set out the Terms of Reference for CLAN's Committee. It outlines the financial responsibilities including the process for compiling, monitoring and reviewing the annual budget, interactions with auditors, reporting requirements and meeting procedures.

3. Scope

This policy applies to all Committee members, staff, volunteers and partner organizations of CLAN in the delivery of CLAN programs.

4. Definitions (a summary)

Term	Definitions
Assets	These are things that belong to CLAN, including intangible assets such as goodwill and reputation.
Audit	An audit is a thorough check of an organisation's financial records by an auditor or Certified Practising Accountant. It ensures that the accounting is correct and that financial obligations are met.
Balance Sheet	A financial statement that shows the organisation's financial position at the close of business on a certain date.
Capital	Capital is the funding and financing available to an organisation.
Equity	The organisation's net worth, including accumulated funds and reserves, less liabilities.
Financial management	The planning, organising, directing, controlling and monitoring the financial activities and applying management and principles to financial resources to achieve Clan's mission.
Revenue	Revenue is the total income that CLAN receives.

Operating expenditure The money used to run CLAN and implement its activities.

5. Policy and Procedures

The Committee conducts a budget planning process each year as an integral part of its annual business planning processes. CLAN is committed to, and responsible for quality financial management that is compliant with legislation, is sustainable, and that will maximise the capacity of CLAN to fulfil its goals. CLAN operates under a budget that must be flexible and therefore it is regularly monitored and reviewed. The mission of CLAN and budget requirements will determine programs, projects and activities that are over a three to five year timeframe.

6. Responsibilities of the Committee

Financial management governance is a core component of the Committee's responsibilities. The Committee will decide on strategy for CLAN programs, projects and activities, in order to ensure financial viability, risks and controls, and value for the project proposal related to CLAN's goals.

As part of managing budgets for projects and activities, the Committee will assess a partner's capacity to support a CLAN project or activities. This may include assessment of funds, personnel involved, resources, time, and any other factor relevant to a specific project or activity. As part of a risk assessment for financial costs, the Committee will also determine the right of potential partner/s to be involved in CLAN projects and activities, based on factors such as prohibited listings, experience and capacity of partners, and potential for a partner's involvement in sustainable programs or projects .

7. Delegations of Authority

The Committee is delegated to:

- i. Exercise budgetary control including certification of accounts and acquittals
- ii. Write off debts
- iii. Approve project expenses, including overseas transfers and payments, and travel
- iv. Approve credit cards
- v. Control physical assets
- vi. Approve purchasing and contracting arrangements.

8. Meeting Procedures and Reporting Requirements

Committee meetings will be held regularly to determine finances measured against the agreed annual work plan. The Agenda is shared at least 5 work days prior to each meeting.

Finance reports are to be presented to each Committee meeting should include:

- i. Monthly financial statements
- ii. Any risks as identified under the Risk Management Policy
- iii. Recommendations on policies including financial policies
- iv. Annual financial statements
- v. Internal and external audits
- vi. Any recommendations requiring the Committee's approval.

9. Review

The Committee will conduct annual reviews of its financial responsibilities and functions.

10. Financial Controls

The role of CLAN's Committee is to ensure sound financial management for CLAN programs, projects, activities and partnership arrangements

Areas of responsibility include monitoring and reviewing areas of financial management processes that:

- i. Ensure that CLAN is solvent
- ii. Determine a budget that is sustainable and approved
- iii. Ensure financial statements are accurate and audited
- iv. Ensure that controls are in place to prevent fraud and mismanagement
- v. Manage financial risk, and handle errors
- vi. Ensure safety and security of financial records
- vii. Segregate duties of Committee members for different financial responsibilities
- vii. Determine value of funds provided for CLAN's mission and vision
- ix. Review program and project costs to determine viability of implementing the proposal
- x. Analyses annual financial 'health' as part of strategic planning for future activities
- xi. Assesses a partner's capacity to manage and control funds effectively for CLAN activities or grants provided for services as part of CLAN's mission.

11. Management of donations (see also Fundraising Policy)

CLAN's income is due primarily to donations. Other income may be gained from interest, consultations, and member's subscriptions. All income is used to support CLAN's mission and vision. All funds raised via fundraising activities will be used for the stated purpose of the appeal and will comply with CLAN's stated mission.

12. Monitoring and Review

This Policy is to be reviewed on an annual basis and aligned to the external annual audit.

Associated Documents

Drug Donations to Developing Countries
Financial Impropriety Risk Management Policy
Fundraising Policy
Non-Aid and Development Activities Policy
Project Design, Monitoring and Evaluation

References

Australian Auditing Standards
Australian Accounting Standards
CPA Financial management for not-for-profit organisations 2012