

Williamstown Rental Housing Co-operative Ltd

Policy Document

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Policy Name:	Financial Management Systems
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1. Introduction

The Williamstown Rental Housing Co-operative (WRHC) recognises the importance of maintaining responsible Financial Management systems to protect the integrity of its business and financial viability.

2. Purpose and Objective

To document the financial systems and procedures needed to ensure effective service provision, management and accountability.

3. Relevant Co-operative Objective

To manage properties in the Hobsons Bay area which are owned by the Office of Housing, including the collection of rents and the upkeep and maintenance of its properties, subject to negotiation with the Office of Housing.

4. Policies and Procedures

4.1 Financial Management Systems

4.1.1 Recording of financial transactions

WRHC uses **QuickBooks** software to record its receipts and payments and to prepare income and expenditure budgets. The following reports are to be produced monthly by the Housing Worker and presented at monthly Board meetings for review and confirmation:

- Receipts and Payments (by month and year to date)
- Actual v Budget income and expenditure report (by month and year to date)
- Bank reconciliation
- Year to date Income and Expenditure Statement

Transactions are to be entered in QuickBooks as they occur to ensure accurate monthly report to the Board.

4.1.2 Rental Report

Rental and arrears reports are prepared and provided to the Board monthly. Rental records are to be kept up to date to ensure monthly reporting to the Board.

4.1.3 Cheque payments and signatories

All payments are to be made by cheque, except for petty cash items. Cheques can only be signed by authorised signatories and two (2) signatories are required to sign. No cheque may be signed in blank. All payments requests are to be prepared by the Housing Worker and provided to the directors together with the standard cheque requisition form and supporting (original) invoice(s).

4.1.4 Investment of surplus funds

Any funds held in the Co-operatives trading bank account that are in the opinion of the directors not required for cash flow purposes in the near future shall be invested for an appropriate short term so as to maximize the returns to the Co-operative.

Investments must be secure and no-risk such as Bank Term Deposits.

Transfers to and from Term Deposits require the signatures of two (2) signatories.

4.1.5 Authorities

In line with **WRHC Corporate Governance Policy**, only the Board of Directors, have authority to bind the Co-operative and undertake financial transactions on behalf of the Co-operative.

4.2 Cash Flow Projections

In line with prudent financial management, WRHC prepares yearly cash flow projections and reviews its actual performance against budgeted cash flows.

4.3 Audited financial statement

As required by Section 238 of the Co-operatives Act 1996, and pursuant to the General Lease between WRHC and The Director of Housing, the Co-operative is required to

- Ensure its accounts are audited yearly;
- Complete and lodge with the Director of Housing an Annual Financial Report and Annual Financial Audit Statement within ninety (90) days of 30 June each year.

The members of the Co-operative confirm the appointment of an external auditor at each AGM. The audit is conducted in accordance with Australian Auditing Standards.

4.4 Rent payment systems

No cash payments for rent are accepted. Tenants are to be encouraged to pay rent by direct debit, Centrelink deduction or by direct deposit into the WRHC bank account using pay in books which are identified by each tenant's unique number.

Individual member/tenant rent statements are issued via Chintaro monthly, outlining rent received, rent paid in advance and, any rent arrears.

4.5 Processes to prevent mismanagement or fraud

4.5.1 Cheque payments

- All payments must be by cheque payment. No electronic transfer of funds is permitted (or authorised) from the Co-operative bank account(s)
- Cheques must be signed by two (2) signatories;
- Signatories to the accounts are appointed at the Annual General Meeting;
- No blank cheques should be signed under any circumstances;
- The Housing Worker is to prepare a formal cheque requisition for each payment, attaching all supporting invoices, quote order numbers etc. The cheque requisition must also be signed by the cheque signatories.

4.6.2 Petty cash

- A \$200 float is to be maintained and accounted for on an Impress Account basis by the Housing Worker
- Receipts are to be sought for all petty cash expenses.

4.6.3 Reports to Board

The **Housing Worker** shall prepare at least the following reports which are to be tabled at Board meeting;

- Monthly Bank Reconciliations
- Payment listing report details of all cheque payments;
- **Monthly and year to date Budget v Actual Income and Expenditure Reports;**
- **Year to date Income and Expenditure Statements;**
- Rent received and rent arrears reports;
- **A copy of the six monthly financial report to OoH; and**
- **A copy of the six monthly maintenance report to OoH**

4.6.4 Quotations for major works and expenditure

- Quotations for all major capital works are to be obtained and a Cyclical Maintenance Committee decision made to approve a quote before any work is undertaken. Ensure appropriate insurance is obtained prior to commencing any work. Note that the General Lease requires the Director of Housing's written Consent for all expenditure **\$10,000** and above.
- Confirmation that works have been completed is required from the tenant and the Housing Worker.

4.6 Financial viability

4.6.1 Asset Management Plan

Pursuant to Clause 11.2 of the Housing Provider Framework Lease between WRHC and the Director of Housing, the Director must meet with the Co-operative to prepare an Asset Plan which specifies;

1. *the nature of the works to be carried out at the Premises;*
2. *if more than one part of the Premises is identified, the order in which the proposed works should be carried out; and*
3. *the likely future life span of the Premises and any alternative asset management action for the Premises, such as disposal or redevelopment of the Premises.*

The Director is pursuant to the lease required to prepare the plan, discuss the plan with the Co-operative, and endeavour to carry out the works set out in the Plan.

WRHC shall work at all times with the Director to ensure the Asset Plan is relevant and up to date.

Notwithstanding the Director's responsibility in regard to the Asset Plan, WRHC will prepare its own plan within its Annual Business Plan.

4.6.2 Provision for future liabilities

WRHC will monitor its liabilities and liaise with its auditor so as to provide for future costs such as staff entitlements etc.

4.6.3 Insurances

1. WRHC has building contents, plant and equipment, fire and burglary insurance for the office.
2. DHS has a blanket insurance policy for all community Service Organisations that covers:
 - Public and Products Liability
 - Professional Indemnity

- Directors' & Officers Liability
 - Association Liability
 - Medical Liability
 - Personal Accident Insurance (including volunteers)
3. Houses are self insured by the Government

4.7 Legal Structure

WRHC is a registered co-operative under the Co-operatives Act 1966 (Victoria).

The Co-operative is endorsed by the ATO as an Income Tax Exempt Charitable Entity and therefore a “charitable” entity for taxation purposes.

The Co-operative is endorsed as a Deductible Gift Recipient.

4.8 Review of financial systems

Internal controls are reviewed regularly by the Finance and Administration Committee of the Board.

The External audit process also reviews certain financial transactions on behalf of the Department of Human Services namely; rental levels, rebate levels, rent assessment, and variations, property allocation, tenant eligibility, insurance provisions, and books of accounts.

4.9 Responsibility

It is the responsibility of the Board of Directors, the Finance and Administration Committee, the Housing Worker and all members to ensure that this Policy and Procedure is adhered to.

5. Related Documents

Rules of WRHC
General Lease