

# Capricorn Citizen Advocacy

## FINANCIAL COMMITMENTS POLICY

<b>Policy number:</b>	<b>1.3.2</b>	<b>Approved by Management Committee:</b>	4 <sup>th</sup> April 2017
<b>Version:</b>	<b>1.0</b>	<b>Signed off by Executive:</b>	4 <sup>th</sup> April 2017
<b>Responsible person:</b>	<b>Treasurer</b>	<b>Scheduled Review Date:</b>	4 <sup>th</sup> April 2020

### Purpose

This policy explains how Capricorn Citizen Advocacy will exercise responsible, prudent financial management and make provisions for matters that it can reasonably foresee. It will comply with all legislative and award requirements, including the National Employment Standards (NES).

### Policy

Capricorn Citizen Advocacy will make provision for annual financial commitments in the following categories. These include both discretionary and non-discretionary amounts. In the case of discretionary commitments, all annual provisions will be subject to budget deliberations.

#### 1. Staff Entitlements (Non Discretionary)

CCA will ensure the security of staff entitlements and that these liabilities can be met as they fall due. Amounts calculated will be transferred from the operating account each quarter and placed into the cash management account.

##### a) Annual Leave

- To fund the payout of accumulated recreation leave if a staff member resigns
- To fund the payment of 17.5% leave loading whenever recreation leave is taken.
- To fund the replacement of staff during periods of protracted absence – wherever possible.

Calculation: 20 days per annum plus 17.5% loading.

##### b) Long Service Leave

CCA must make provision for long service leave regardless of whether this is funded or not, otherwise it will be accumulating a liability further down the track. The current award entitlement for part time and full time workers equates to 13 weeks leave after 10 years service and pro-rata after 7 years upon resignation.

Calculation: 1.3 weeks per annum over ten years.

**c) Personal Leave (includes Sick Leave and Carer's Leave)**

Full provision will be made only if the organisation's financial position allows, so that if a worker is off for a long period of time (some of which might be taken as unpaid leave if sick leave runs out), that position can be backfilled on a temporary basis until the incumbent returns to work.

Accumulated sick leave is not presently provided for as there is insufficient funding for this.

The current National Employment Standards entitles workers to 10 days Personal Leave per year.

Calculation: 10 days per annum

**2. Asset Management (Discretionary)**

CCA will maintain its assets and replace or upgrade them from time to time according to the operational needs of the program and to achieve the maximum return for asset investment. Assets identified as being due for regular replacement are listed below with the annual provision amount.

<b>Asset</b>	<b>Annual Provision for replacement</b>
Equipment upgrades (computers, software, etc.)	\$1,000
Vehicle Upgrade (At 100,000 kms or as otherwise determined)	\$3,000
Resources (videos, books, etc)	\$ 500

**3. Contractual Commitments**

Property lease and office equipment agreements, staff employment agreements, and other contracts will be considered when factoring the provisions into each annual budget.

An amount of \$1,500 per annum will be set aside to meet the costs of increased lease fees at the end of each 3 year lease cycle.

**4. Unplanned Contingencies (Discretionary)**

Efforts will be made to make provision for those unplanned events that are largely foreseeable eg. legal fees, interpreting fees. The program will have the following provisions held aside at any one time:

<b>Item</b>	<b>Amount</b>
Interpreting fees	\$2,000
Cultural consultancy	\$2,000
Legal fees	\$5,000

**5. Training and Conferences (Discretionary)**

CCA recognises the importance of staff and Management Committee members participating in relevant training (eg. SRV, CAPEs etc.), and will set aside funds for the ongoing development of those directly connected with the program. Training might also involve bringing visitors to the region, attendance at evaluations of other programs etc. The program will aim to set aside a minimum of \$3,000 per annum.

**6. Evaluation (Discretionary)**

CCA is committed to the subjecting itself to regular independent, external evaluation (CAPE) once every three to five years, as is customary within the Citizen Advocacy movement, and will make provision for the costs associated with this important undertaking.

The program will aim to set aside a minimum of \$3,000 per annum to undertake a CAPE and \$1,500 per annum to assist in responding to CAPE recommendations.

**7. Quality System Implementation Audit (Discretionary)**

CCA presently receives an additional (and separate) component of its annual grants to dedicate to adherence to Quality System Audits. Unless that grant is discontinued, there should be no need for CCA to set aside any additional provision for these mandatory audits, upon which annual funding is dependent.

**8. Recruitment (Discretionary)**

It is essential that appropriate provision be made for the recruitment of new Management Committee members and staff. CCA will aim to set aside a minimum of \$1,000 per annum for recruitment.

**9. Bank Accounts Used**

- All funds are to be held in the cash management account to maximize interest earnings, other than a working balance which is to be held in the operational account to pay operating expenses.
- An amount of \$5,000 may be transferred from the cash management account to the operational account as required to cover expenses and wages for the month.
- All provisions for financial commitments calculated each quarter must be retained in the cash management account.
- At the start of the quarter, or after the annual funding grant is paid quarterly, the fiscal status report will be updated to reflect increases in the provisions as set out above.
- Adjusting journals for the reserves will be done regularly to ensure the balance sheet showing the correct reserve balances is being provided to the Management Committee.

**10. Security of Staff Entitlements**

To safeguard the security of the staff's leave entitlements, transfers of amounts in excess of \$5,000 from funds reserved for staff leave can only take place with the Management Committee's approval.

**11. Reporting**

The Management Committee of Capricorn Citizen Advocacy will be provided with monthly fiscal status reports showing the balances of accrued provisions for each category of financial commitment.

Any amounts added to or deducted from provisions will also be reported at all ordinary monthly meetings.

**12. Review**

The calculated amounts will be reviewed on 1st June each year or when any known change to employee benefits or entitlements, or changes to asset requirements or conditions occurs.

**13. Donations**

All donations received will initially be deposited into the operational account and then via internet transfer, to the gift account.

The intent of this practice is to avoid bank fees and maximize interest earned on the donation by including it with other larger amounts of cash.

**14. Summary of Annual Provisions (Discretionary)**

<b>Type of Commitment</b>	<b>Annual Amount</b>
<b>Asset Replacement</b>	
Equipment upgrades (computers, software, etc.)	\$1,000
Vehicle Upgrade (At 100,000 kms or as otherwise determined)	\$3,000
Resources (videos, books, etc)	\$ 500
<b>Contractual Commitments</b>	\$1,500
<b>Training and Conferences</b>	\$3,000
<b>Evaluation</b>	
External evaluation (CAPE)	\$3,000
Response to recommendations	\$1,500
<b>Recruitment</b>	\$1,000
<b>Total Annual Amount</b>	<b>\$14,500</b>

## Related Documents

- **Policy 1.1.3** Management Committee Recruitment Policy 2017
- **Policy 1.3.1** Budget Policy 2017
- **Policy 1.3.3** Asset Management Policy 2017
- **Procedure 1.3.3.1** Asset Register
- **Procedure 1.3.3.2** Asset Maintenance Procedure 2017
- **Policy 6.3.0** Staff Recruitment and Employment Policy 2017

## References

Not Applicable

### Ratification

This policy was adopted by Capricorn Citizen Advocacy's Management Committee at its meeting held on: 04 / 04 / 2017.

SIGNED:

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President

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(Date)

SIGNED:

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Secretary

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(Date)

