

## FINANCIAL COMMITMENTS POLICY

<b>Policy number:</b>	<b>1.3.2</b>	<b>Approved by Management Committee:</b>	22 <sup>nd</sup> September 2020
<b>Version:</b>	<b>2.0</b>	<b>Signed off by Executive:</b>	22 <sup>nd</sup> September 2020
<b>Responsible person:</b>	<b>Treasurer</b>	<b>Scheduled Review Date:</b>	22 <sup>nd</sup> September 2023

### 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. Once a stated ceiling amount has been reached, no further provision will be set aside for its stated purpose, until it once again falls below the stated ceiling.

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

CCA will ensure the security of staff entitlements and that these liabilities can be met as they fall due. CCA will maintain a separate record of all current staff entitlements (including Annual Leave, Personal/Carer's Leave and Long Service Leave), showing the method of calculation, contributions made to mandatory schemes such as QLEAVE, and the total amount which CCA must continue to provide for and manage as a key financial commitment. Amounts calculated will be shown in the monthly balance sheet and reviewed quarterly.

##### **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.

**a) Long Service Leave (LSL)**

CCA must budget for long service leave in accordance with the Queensland Government's portable LSL Scheme. The current award entitlement for part time and fulltime 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.

These funds will be contributed quarterly to QLEAVE, the Community Services Sector Portable LSL Scheme as required by the Queensland Government.

**b) 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 may 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 and a ceiling amount.

Asset	Annual Provision	Ceiling Amount
Non vehicle equipment upgrades (computers, software, books etc)	\$1,000	\$10,000
Vehicle Upgrade (at 100,000 kms or as otherwise determined)	\$3,000	\$25,000

**3. Contractual Commitments**

Property lease and office equipment agreements, staff employment agreements, and other contracts will be considered when developing each annual budget.

**4. Contingencies (Discretionary)**

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



Item	Annual Provision	Ceiling Amount
Interpreting fees	N/A	\$2,000
Cultural consultancy	N/A	\$2,000
Legal fees	N/A	\$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 program, attendance at evaluations of other programs etc. The program will aim to set aside a minimum of \$3,000 per annum and a ceiling of \$15,000.

**6. CAPE (Discretionary)**

CCA is committed to hosting a regular independent, external *Citizen Advocacy Program 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 CAPEs, with a ceiling of \$10,000 and \$1,500 per annum to assist in responding to CAPE recommendations, with a ceiling of \$5,000.

**7. Quality Assurance System - Self Assessments (Discretionary)**

CCA no longer receives supplements to its annual operational grants for external audits of its Quality System. CCA's funder now requires our program to implement regular self assessments of our quality system. Self assessments do not currently require any additional expenditure, however \$1,000 (ceiling amount) will be set aside for future financial commitments.

**8. Recruitment Expenses (Discretionary)**

Provision will be made for the recruitment of new Management Committee members and staff, which may also include relocation expenses of staff. CCA will aim to set aside a minimum of \$1,000 per annum for recruitment, with a ceiling of \$5,000.

**9. Bank Accounts and Investments**

Provisions for financial commitments calculated each quarter may be retained in the cash management account or in interest bearing deposits (see [1.3.3 - Asset Management Policy](#)).

## **10. Reporting**

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

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

## **11. Reviews**

- At the start of each quarter, or after the annual funding grant is paid quarterly, a 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.

## **12. Donations and Gift Account**

All donations received may initially be deposited into the operational account and then transferred to the gift account via internet, or they may be deposited directly into the Gift Account (See 1.3.6 - *Gift Fund Policy*).

## **13. Summary of Annual Provisions**

<b>A. <u>Discretionary Provisions</u></b>	<b><u>Annual Amount</u></b>	<b><u>Ceiling</u></b>
<b>Asset Replacement</b>		
• Non Vehicle equipment upgrades (computers, software, books etc.)	\$1,000	\$10,000
• Vehicle Upgrade (at 100,000 kms or as otherwise determined)	\$3,000	\$25,000
<b>Training and Conferences</b>	\$3,000	\$15,000
<b>Citizen Advocacy Program Evaluation (CAPE)</b>		
• CAPE Provision	\$3,000	\$10,000
• Response to CAPE Recommendations	\$1,500	\$5,000
<b>Quality Assurance System - Self Assessments</b>	N/A	\$1,000
<b>Contingencies</b>		
A. Interpreting fees	N/A	\$2,000
B. Cultural consultancy	N/A	\$2,000
C. Legal fees	N/A	\$5,000
<b>Recruitment - Staff &amp; Management Committee</b>	\$1,000	\$5,000
<b>Total Discretionary Provisions</b>	<b>\$12,500</b>	<b>\$80,000</b>
<b>B. <u>Non - Discretionary Provisions</u></b>		
<b>Annual Leave Liability</b>		
• Sufficient funds will be set aside to meet the liability and will be clearly identified in CCA's Reserve Fund	As Required	As Required
• The liability will be updated quarterly		



**Capricorn Citizen Advocacy**  
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<b>Long Service Leave</b>		
<ul style="list-style-type: none"> <li>Starting from 01/01/2021, quarterly payments will be made by CCA to QLEAVE; manager of the State Government's Community Services Sector Portable LSL Scheme</li> </ul>	1.35% of eligible wages	N/A
<ul style="list-style-type: none"> <li>Total LSL entitlements accrued from prior to the start of the State Government's Community Services Sector Portable LSL Scheme on 01/01/ 2021 will be clearly identified in CCA's Reserve Fund</li> </ul>	N/A	N/A

## Related Documents

- **Policy 1.1.3**                      *Management Committee Recruitment Policy 2020*
- **Policy 1.3.1**                      *Budget Policy 2020*
- **Policy 1.3.3**                      *Asset Management Policy 2020*
- **Procedure 1.3.3.1**              *Asset Register*
- **Procedure 1.3.3.2**              *Asset Maintenance Procedure 2020*
- **Policy 1.3.6**                      *Gift Fund Policy*
- **Policy 6.3.0**                      *Staff Recruitment and Employment Policy 2020*

## References

Not Applicable

### **Ratification**

This policy was adopted by Capricorn Citizen Advocacy's Management Committee at its meeting held on: 22 / 09 / 2020.

<p>SIGNED:  .....</p> <p style="text-align: center;">President</p> <p style="text-align: center;"><u>24 / 09 / 2020</u></p> <p style="text-align: center;">(Date)</p>	<p>SIGNED:  .....</p> <p style="text-align: center;">Secretary</p> <p style="text-align: center;"><u>24 / 09 / 2020</u></p> <p style="text-align: center;">(Date)</p>
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