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Financial Controls Policy

Purpose and Scope

To protect Orthopaedic Outreach against financial misconduct it is necessary that all forms of financial transfers be secured through closely regulated approval processes.

The purpose of this policy is to:

- Ensure that all expenditures made in the name of the organisation are authorised, independently reviewed and follow an ethical framework.
- Guard against any potential abuse of payments procedures, while maintaining flexibility and avoiding unnecessary formality.

ACFID (Australian Council For International Development) Quality Principle and Commitment

Quality Principle:

8. Resource Management

Commitments:

8.2 We ensure that funds and resources entrusted to us are properly controlled and managed

8.2.1 Members can control and manage their financial resources and risks.

References

Document ID	Document Title
OO-PO-01	Policy and Program Manual
OO-PO-09	Financial Wrongdoing Policy
OO-PO-18	Reimbursement Policy
OO-PO-17	Ethical Fundraising Policy
OO-F-14	Reimbursement Claim Form

Legislative Framework and Standards

Orthopaedic Outreach adheres to the following Australian legislation and standards:

- Commonwealth Fraud Control Guidelines March 2011
- Criminal Code Act 1995 (Part 7.3)
- Australian Government Investigations Standards (AGIS)
- Fundraising Institute of Australia Code of Conduct

In alignment with the ACFID Code of Conduct, Orthopaedic Outreach is committed to minimising any risks of wrongdoing, corruption, fraud, bribery or other financial impropriety among its Board, paid staff, contractors, volunteers, and partner organisation.

Policy Statement



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Financial transactions carried out in the name of Orthopaedic Outreach shall, as far as possible, be governed by the following principles.

No payments shall be made in the name of Orthopaedic Outreach unless such payment has been authorised by the board.

Payment authorisation can be made either through board approval in the annual budget or by other avenues approved by the board (such as through a written delegation of the board).

Complete records of payment authorisation should be kept on file.

The Board, through the Treasurer, shall have continuous access to Orthopaedic Outreach's bank statements and Orthopaedic Outreach's accounts, books, and records.

No single person shall have the authority to carry through all processes (budgeting, authorisation, payment, approval) to do with any:

- Payment,
- Approval of a supplier,
- Approval of an agreement or contract with an external party,
- Loan from Orthopaedic Outreach's funds,
- Contract of employment.

Any person who has an actual or potential conflict of interest in respect of any

- Payment,
- Approval of a supplier,
- Approval of an agreement or contract with an external party,
- Loan from Orthopaedic Outreach's funds,
- Contract of employment.

must declare that conflict of interest to the board and either comply with any board direction or withdraw from involvement in the transaction.

All payments (except credit card and petty cash payments) shall require signatures (or equivalent validations) from two persons with properly delegated authority, as recorded in the Financial Delegations Register.

Financial transaction cards may only be issued to a person approved by the board.

Cardholders and persons making a payment out of petty cash (**Payor**) must obtain a tax invoice or receipt for each transaction. If a tax receipt is lost or misplaced, the Payor must provide a written statement setting out the details of the transaction. Tax invoices or receipts and statements must be provided to the Operational Manager with each monthly account statement.



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Financial Controls Procedures

Responsibilities

It is the responsibility of the board to:

- Approve a budget for Orthopaedic Outreach and authorise any departures from that budget.
- Maintain supervision of the financial progress of the organisation.

It is the responsibility of the Operational Manager to ensure that:

- Procedures consistent with this policy are implemented.
- Staff and volunteers are aware of this policy and these procedures.
- The Financial Delegations Register is maintained.

It is the Finance and Audit Committee responsibility to ensure that reports on the implementation of these procedures are regularly submitted to the board.

It is the responsibility of the board to ensure that any breaches of this policy or procedures are dealt with appropriately.

It is the responsibility of all employees and volunteers to ensure that any payment made on behalf of the organisation conforms to this policy and those procedures.

Processes: Payments

Financial Transaction card use

Financial transaction card issue: Any organisational financial transaction cards (credit or pre-paid debt cards) may only be issued to a board member, staff member, or volunteer where their functions and duties would be enhanced by their use. Cards will thus be issued only to people on the approved Organisational Financial Transaction Card List. The list shall be held by the Operational Manager and be made available to the Treasurer on request.

Other persons may be added to the list by the Board. The Board may delegate the power to add persons to the list to any or all of:

- The Finance and Audit Committee.
- The Operational Manager.
- The auditor.

Financial transaction cards may be issued on a temporary basis and recovered afterwards.

Each financial transaction card will be issued to a specific person, who will remain personally accountable for the use of the card. Cardholders will sign a declaration to this effect.

Only the authorised signatory may use the card. No more than one card shall be issued per cardholder. Credit limits as appropriate shall be set for each card by the issuing authority.



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Cardholder's Responsibilities

The Cardholder shall:

- In all cases obtain and retain sufficient supporting documentation to validate the expense (e.g. tax invoice or receipt) or provide a written statement in lieu (the Operational Manager may require a statutory declaration).
- Attach supporting documentation to the monthly statement from the bank.
- Review the monthly statement for inaccuracies and report these to the Operational Manager.
- Verify that that goods and services listed were received.
- Sign the monthly statement to verify that transactions have been made for official purposes.
- Forward the papers to the authorised signatory for approval (the Board Chair shall authorise payments to the Operational Manager; the Operational Manager shall authorise the expenditure of all other cardholders).
- Notify the bank and the Operational Manager (or in the case of the Operational Manager, the Board Chair) immediately if:
 - The card is lost or stolen
 - Any unauthorised transaction is detected or suspected
 - A personal expense has inadvertently been charged to the card.
- Notify the Operational Manager and the bank of any change in name or contact details.
- Take adequate measures to ensure the security of the card.
- Cease using the card and promptly return the card to the Operational Manager if:
 - The cardholder resigns
 - The Operational Manager determines that there is no longer a need for the cardholder to retain their card
 - The card has been cancelled by the bank.
- Be personally liable for any unauthorised transaction unless the card is lost, stolen or subject to fraud on some part of a third party.

The Cardholder shall not:

- Exceed any maximum limits set for the card.
- Obtain cash advances through the card, without prior approval from the Board.
- Use the card for any illegal purchases.
- Authorise their own expenditure.
- Claim double allowances (i.e. request reimbursement for an expense already paid by the card).

Card Expenditure

The card will only be used for purchases that are directly associated with the cardholders' function within the organisation.

Where doubt exists as to whether an item is function-related, prior authorisation should be obtained from the Operational Manager (or, in the case of the Operational Manager's own card, the Chair of the Board or the Chair of the Finance and Audit Committee).



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Where private expenditure occurs on the same transaction as a corporate expenditure (e.g. a person incurs a debt for personal telephone calls during a hotel stay) the cardholder must settle the private expense prior to charging the balance on the organisational card.

The use of the corporate card for “services of a dubious nature” is expressly prohibited. “Services of a dubious nature” are defined as any goods or services that could bring the name of the organisation into disrepute.

Card Expenditure Review

Records of all expenditures made on the card must be reviewed by the Cardholder’s supervisor, with a view to establishing both the need for the expenditure and the authorisation of the expenditure.

Card Misconduct

Wherever a breach in this policy occurs, the Operational Manager will assess the nature of the breach and may institute an appropriate disciplinary process, including:

- counselling and/or verbal warning
- a diary or file note created and retained on employee’s personnel file
- a written warning.

Where the Operational Manager considers that the breach is such that serious sanction is appropriate, Orthopaedic Outreach’s right to summarily dismiss an employee for serious misconduct may be exercised.

The Operational Manager may determine whether to report a breach of the policy to the police for criminal investigation.

Following report of a breach, at the next Finance and Audit Committee meeting, the Operational Manager shall report:

- the investigation of the circumstances of the breach
- any police reports and action
- any disciplinary action taken.

Bank accounts

Bank accounts may only be opened in Orthopaedic Outreach’s name, or to hold Orthopaedic Outreach’s funds, when authorised by a person with the appropriate authority as recorded in the Financial Delegations Register.



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Any variations to banking arrangements can only be made by a person with the appropriate authority as recorded in the Financial Delegations Register.

Bank transfers

Any bank transfer above the level approved for the person in the Financial Delegations Register (or any series of payments within the period of fourteen days amounting to 150% of the level approved for the person in the Financial Delegations Register) must be approved prior to the payment by two persons authorised to make such approvals by the Financial Delegations Register.

Each payment must be supported by an invoice, receipt, or other appropriate documentation. Authorisations must be attached to this documentation prior to payment.

Bank transfers above \$5,000 to suppliers must be made only to suppliers who have been approved for the organisation's Approved Supplier Register. Where it appears necessary to make transfers to persons or bodies not on the Approved Supplier Register, prior approval must be sought from the Treasurer or Chair of the Finance and Audit Committee.



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Processes: Operations

Payments to suppliers

New Suppliers

Any new supplier must be approved by an authorised person on the Financial Delegations Register, having followed an ethical review.

All suppliers of goods and services shall be reviewed annually, promoting only suppliers supporting ethical practices void of workplace abuse, child labour, bribery and corruption.

Any such approval must be made based on objective criteria and must be recorded in a standard format.

Purchases

All purchases must be requested through a purchase order on the appropriate form, which must specify the authorising member for the transaction.

For individual items over the value of \$5,000 a competitive quote is required, and presented to the relevant-committee for consideration and approval.

All items received are:

- to be checked against purchase order and recorded as supplied to specification
- to be checked against the original supplier authorisation.

Once the receipt of the item has been recorded and the supplier authorisation confirmed, this detail must be recorded on the purchase order. The purchase order is then to be forwarded to the appropriate persons for payment.

Asset Management

All purchases of equipment above the value of \$1000 must be entered in the organisation's Asset Register in a standard format.

The Asset Register shall be reviewed at least yearly.

Governance

This policy is reviewed by the Board on an annual basis to ensure it continues to reflect legislative requirements and Orthopaedic Outreach internal operations.



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1.0	26 June 2024	Graham Hextell			Initial Version	Initial Version
2.0	31/12/2023	Beth Hickey and Graham Hextell			Grammatical corrections	minimal