



POLICY AND PROCEDURES

Financial Management Policy and Procedures

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Policy Statement

HSU National employees and National Officers are expected to uphold the integrity of the Union in the highest manner when undertaking their duties and in their undertakings with members, employers, outside organisations and suppliers.

- HSU National employees and National Officers must behave honestly and with integrity in the course of their employment or duties.
- HSU National employees and National Officers must disclose, and take reasonable steps to avoid, any conflict of interest (real or apparent) in connection with Union employment or duties.
- HSU National employees and National Officers must not make improper use of inside information or use their duties, status, power or authority in order to gain, or seek to gain, an improper benefit or advantage for themselves or for any other person.
- HSU National employees and National Officers must at all times observe The Financial Responsibilities of Officers as determined by the Rules of the Union.

Branch Policy

Where a Branch does not have a policy consistent with this policy, this policy will apply to that Branch substituting the Branch structures, officers and employees with those contained in this policy where appropriate.

1. Definitions

‘Credit Card’ also means ‘Debit Card’

‘Financial Controller’ means the person appointed to manage and operate the financial accounts of the Union on a day to day basis and appointed as such by resolution of the National Executive.

‘Immediate Family’ means any child, stepchild, parent, stepparent, spouse (including defacto), sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, and any person (other than a tenant or employee) sharing the household of the National employee or National Officer.

‘National Officer’ whether paid or not, has the same meaning as the phrase ‘officer of an organisation’ in Division 3A of Part 2 of Chapter 5 of the Act, and includes the officers referred to in sub-rule 14(a), the members of National Executive referred to in sub-rule 20(a) but excludes, for the purpose of this policy, branch delegates to National Council referred to in sub-rule 15(a)(ii) unless they otherwise meet the definition of National Officer.

‘National Secretary’ also includes a person appointed to act in that position by the National Executive in accordance with rule 27(a)(ii) of the Registered Rules of the Union.

‘The Act’ means the *Fair Work (Registered Organisations) Act 2009*.

2. National Office Supplied Credit Cards

- 2.1 HSU National Credit Cards may be supplied to National Officers and any National employee as expressly approved by resolution of the National Executive.
- 2.2 All Credit Cards issued to National Officers and National employees are to be used only for bona fide Union business and are to be used in accordance with these procedures. Credit Cards may be used for items that are part of the normal operating expenditure and other general administration expenditure as defined in clause 3. Credit Cards may only be used for items that are part of the extraordinary operating expenditure which have been expressly pre-approved by resolution of the National Finance Committee, National Executive or National Council in accordance with clause 4.
- 2.3 Other than as provided for in Clause 5 of this policy, credit cards must not be used for personal expenditure not associated with bona fide union business.
- 2.4 No cash withdrawal facilities shall be available from Union credit cards
- 2.5 While the credit card account must be in the name of the Union, Union Credit Cards will only be issued to individuals and those individual card holders are responsible for all expenditures made on their card.
- 2.6 The collective limit on all credit cards held in the name of the Union shall be an amount determined by resolution of the National Executive.
- 2.7 The National Executive shall determine by resolution the credit card limits held by National Officers and employees of the Union.
- 2.8 Credit card expenditure on any item of expenditure which exceeds \$1,200 for card holders, other than the National Secretary, must where possible, have the prior approval of the National Secretary. Where prior approval cannot be obtained then the National Secretary must be advised of the expenditure as soon as possible after the expenditure is incurred. Where approval is provided it should be documented and attached to the relevant credit card reconciliation form for the period in which the expenditure was incurred.
- 2.9 Receipts and tax invoices are to be kept for all credit card expenditure and the card holder must provide a signed monthly reconciliation indicating that all expenditure was authorised expenditure and in accordance with these policies and procedures.
- 2.10 The Financial Controller is to ensure that all credit card expenditure by all National Officers and National employees have associated receipts and tax invoices and those monthly reconciliations have sufficient detail supplied by the card holder, including by the National Secretary.

- 2.11 The National Secretary must sign each card holder's monthly reconciliation confirming that the expenditure was authorised and made on the items referred to in sub-clause 2.2 and submit the reconciliation to the National Finance Committee.
- 2.12 The Financial Controller and National Secretary must immediately investigate any doubt or discrepancy with respect to any unauthorised expenditure and report such investigation, finding and action to the National Finance Committee.
- 2.13 The National Finance Committee must review and sign off on the National Secretary's monthly reconciliation confirming that the expenditure was made on the items referred to in sub-clause 2.2 and must immediately investigate any doubt or discrepancy with respect to any unauthorised expenditure and report such investigation, finding and action to the National Executive.

3. Normal Operating Expenses

(General administration and reasonable incidental expenditure)

- 3.1 The National Secretary is authorised to make and/or commit to normal operating expenditures. There may be other expenditure, other than those defined in sub-clauses 3.2 and 3.3, that is expenditure on the general administration of the union or for purposes reasonably incidental to the general administration of the union ("other general administration expenditure"). The National Secretary is authorised to make and/or commit to other general administration expenditure consistent with the approved budget, and a specific policy or program direction issued by the National Executive or National Council including campaign expenses.
- 3.2 "Normal Operating Expenditure" includes but is not limited to the following items of expenditure:

Affiliation Fees (other than ACTU Affiliation), Air Fares, Accommodation, Audit Fees, Cleaning and Housekeeping products, Computer Support, Computer and associate Hardware, Computer Software, Meeting Expenses, Newspapers, Office Equipment Maintenance, Petrol, Parking, Petty Cash, Postage, Printing, Rubbish Removal, Rent, Internet and Telephones, Equipment Rental, Stationery, Subscriptions, Staff Training, Conference Attendance, Employee Expense Claims, Utilities, Taxi, Airport Parking, Vehicle Lease, Insurance Premiums, Storage Rental.

The limit of expenditure on any of the above items, other than expenditure on National Executive and National Council meetings (see sub-clause 3.4), without the approval of the National Finance Committee or National Executive is \$10,000. The Finance Committee may approve expenditure over \$10,000 and up to \$50,000 and any such decision must be recorded in the National Finance Committee Minutes.

3.3 ACTU affiliation, Superannuation, Wages, Australian Taxation Office

Expenditure on the above items is as incurred. The wages paid to any National Officers and National employees are to be in accordance with the resolution of the National Executive or National Council setting those wages.

3.4 National Executive and National Council meetings

The limit of expenditure relating to the conduct of each National Council meeting is to be determined by resolution of the National Executive prior to a National Council meeting taking place.

3.5 Legal Expenses

Legal expenses are not normal operating expenses and require approval by resolution of the National Finance Committee or National Executive. Where possible the engagement of legal advice/representation should be approved by National Finance Committee or National Executive prior to engagement. It is recognised however that prior approval is not always possible. Where it is necessary to engage legal advice/representation without prior approval then it must be a joint decision of the National Secretary and National President and must be considered for approval at the meeting of National Finance Committee or National Executive following the engagement.

3.6 The National Secretary must scrutinise any expenditure incurred by, or on behalf of, the Union. Where the National Secretary decides to approve expenditure on the basis that it is normal operating expenditure as defined above, or other general administration expenditure as defined above, the National Secretary must note his or her approval on the documentation relating to the expenditure and sign and date his or her approval. In relation to electronic funds transfers, the noting of the approval, signing and dating of the approval is to be in accordance with sub-clauses 9.2 and 10.2 of this policy.

4. Extraordinary Operating Expenses

(Not general administration and reasonable incidental expenditure)

4.1 This clause applies to expenditure that is not expenditure on the general administration of the union or for purposes reasonably incidental to the general administration of the union (“extraordinary expenditure”).

4.2 Unless otherwise provided for in this policy, all extraordinary expenditure requires the approval the National Finance Committee, National Executive or National Council. Extraordinary expenditure over \$10,000 and up to \$50,000 requires prior approval by the National Finance Committee, National Executive or National Council. Extraordinary expenditure over \$50,000 requires prior approved by the National Executive or National Council. The approval of extraordinary expenditure by The National Finance Committee must be reported to the next meeting of the National Executive or National Council. The approval of extraordinary expenditure by the National Executive or National Council must be minuted.

- 4.3 The National Secretary is authorised to make expenditure up to \$10,000 on items or services of an extraordinary nature. Where such expenditures occur, they must be reported to the National Finance Committee at its next meeting.

5. Union Funds on Personal Expenditure

As a general rule the use of union funds must not be used for personal expenditure not associated with bona fide union business.

However it is recognised that there may be situations or occasions where it is difficult to reasonably separate business and personal expenditure on the same invoice.

An example is where accommodation on a trip away from home may be a mixture of work related and personal related expenses and appear on one invoice. The same may apply with items such as airport parking where a trip has a component of business and personal associated with it.

Where these circumstances arise, the following will apply:

- The Officer or employee must reimburse the Union in full as soon as the amount of personal expenditure is known and, unless it is unreasonable to do so, before the Union incurs any actual expenses (eg before a credit card payment or invoice is paid).
- The personal expenditure must be reported to the next meeting of the Finance Committee by the National Secretary detailing the actual personal expenditure, the reasons for the expenditure and the date of repayment and the full details noted in the minutes of the meeting.

6. Financial Institution Accounts in the Name of the Union

- 6.1 Financial institution accounts in the name of the Union may only be opened or closed by resolution of the National Executive.
- 6.2 Funds from the financial accounts in the name of the Union, other than the operating account, must only be transferred to the Commonwealth Bank Operating Account and not to any third party account unless with the approval by resolution of the Finance Committee or National Executive.
- 6.3 Funds can only be transferred to and from financial accounts in the name of the Union, other than the operating account, to the Commonwealth Bank Operating Account by way of a written transfer request signed by two of the signatories to the account. Copies of such correspondence must be filed with any transfer documentation.
- 6.4 Other than by Electronic Funds Transfer (EFT's) or authorised Direct Debit Transactions (DDT's) made in accordance with Clauses 9 and 11 of this policy, funds can only be transferred from the Commonwealth Bank

Operating Account by way of a written transfer request signed by two of the signatories to the account. Copies of such correspondence must be filed with any transfer documentation.

- 6.5 The Authorised User of all accounts shall be the National Secretary. The signatories to the account will be the National Officers as defined in Rule 14 of the Registered Rules of the Union.
- 6.6 Monthly statements for all financial accounts operated in the name of the Union must be presented to the National Finance Committee at their monthly meetings.
- 6.7 Any union funds not required to be held in the Commonwealth Bank Operating account will be held in Union investment accounts which provide a higher rate of interest.

7. Operation of CommBiz

- 7.1 Only persons authorised by resolution of the National Executive may operate the Commonwealth Bank Operating Account via CommBiz.
- 7.2 The issue of CommBiz tokens and replacement tokens require the approval of the National Finance Committee.
- 7.3 CommBiz EFT Passwords and token pin numbers are assigned to authorised individuals and those individuals are not to disclose their password to any other person, including to the National Secretary.
- 7.4 CommBiz tokens are the property of the Union and must be returned to the National Secretary or Financial Controller when the need for having a token no longer applies.

8. Electronic Funds Transfers

- 8.1 Bank procedures for Electronic Funds Transfers (EFTs) must be set up in such a way that it is not possible for one individual to begin and complete an EFT transaction.
- 8.2 Except as provided for in Clause 9, EFTs will only be prepared by the Financial Controller with the prior written approval of the National Secretary.
- 8.3 Once an EFT is authorised by the National Secretary, it may then be uploaded for payment on CommBiz ready for authorisation.
- 8.4 All EFT's must be authorised by the National Secretary, and two other National Officers approved by National Executive. The National Secretary is to authorise the expenditure first indicating that he or she has approved the upload in accordance with sub clauses 8.2 and 8.3.

- 8.5 EFT reports will be examined by the National Secretary and initialled to confirm that they are the same as the transaction that was approved.

9. Direct Debit Transactions

- 9.1 Direct Debit Transactions (DDT's) may only be established by resolution of the National Finance Committee approving the establishment of a direct debit facility.
- 9.2 All DDT's must be authorised by the National Secretary in the month the expenditure occurs.
- 9.3 All DDT's will be examined by the National Secretary following the transaction and the transaction advice initialled confirming that the transaction was the same as the invoiced amount.

10. Approval of Wage Runs

- 10.1 The Financial Controller has a standing authorisation to prepare and upload for payment authorisation EFT payments for wages based on prior instructions regarding the classification and salary for each individual officer and employee as authorised by the National Executive or National Council.
- 10.2 All EFT payroll transactions must be authorised by the National Secretary, and two other National Officers approved by National Executive. The National Secretary is to authorise the payroll expenditure first.
- 10.3 Following the payment of wages by EFT, the National Secretary will examine and sign the Payroll Summary and Payroll Advice printouts, and the EFT receipt, as correct.

11. Purchasing Goods and Services

- 11.1 Nothing in this Clause serves to limit the application of Clauses 3 or 4 of this Policy.
- 11.2 The engagement of barristers and Legal Services (see sub-clause 3.5) has a standing exemption from the application of this Clause.

11.3 The following applies for the purchase of good and services:

Where the amount to be expended is estimated to be	Minimum quotation/tender requirement unless exemption granted
\$6,000 or less	Market should be tested from time to time to ensure value for money
Between \$6,000 and \$15,000	At least two written quotes or reasons for not obtaining the required minimum number of quotes must be recorded on file. Other than for venues and accommodation associated with National Executive and National Council meetings (see subclause 3.2), National Finance Committee or National Executive makes the final decision.
Between \$15,000 and \$50,000	At least three written quotes or reasons for not obtaining the required minimum number of quotes must be recorded on file. Other than for venues and accommodation associated with National Executive and National Council meetings (see subclause 3.2), National Finance Committee or National Executive makes the final decision.
More than \$50,000	Open Tendering must be undertaken and overseen by the National Finance Committee. National Executive makes the final decision.

11.4 Exemptions from obtaining quotations may only be made by resolution of the National Finance Committee or National Executive and the reasons for an exemption must be documented in the minutes.

11.5 Purchases from Regular or Preferred Suppliers

While the use of regular or preferred suppliers is an appropriate means of purchasing smaller valued goods and services (eg stationary supplier, provision of telecommunications and IT services, provision of insurances, etc) it is important to recognise and manage any risks to good procurement practice which could arise from a tendency to give certain suppliers repeat business.

The period of any contract or arrangement will depend upon a number of factors however as a guideline such contracts and arrangements should be market tested at least every three (3) years.

11.6 The National Secretary must disclose in writing to the National Finance Committee the identity of service providers where such identity is material to a fair understanding of the union's finances or where a question of probity or transparency arises or is likely to arise.

12. Dining and Entertainment Expenses

12.1 It is recognised that from time to time it may be appropriate for National Officers and National employees to incur dining or entertainment expenses associated with conducting the business of the Union. The authorisation of the expenses shall be accordance with clauses 2, 8 or 13 depending on the nature of the payment.

12.2 Union Business Meals

“Union Business meals” are meals taken with stake holders, during which a specific union business discussion takes place.

The Union will pay or will reimburse National Officers and National employees for the reasonable cost of Union business meals when they are directly related to or associated with the active conduct of Union business. The amount expended on Union business meals must be reasonable, publicly defensible and not open to perceptions of excessiveness.

Business meal expenses require an itemised receipt regardless of the amount and are to be acquitted in accordance with this policy.

12.3 Union Entertainment

“Union Entertainment expenses” are activities that include entertainment associated with National Executive or National Council meetings, meeting with groups of members or stake holder activities. Such expenses incurred by National Officers or National employees are paid for or reimbursed only if they are directly related to the active conduct of Union business, or are necessary to accomplish the Union’s business.

Union business must be transacted immediately before, during, or immediately after the activity.

Union Entertainment expenses require an itemised receipt regardless of the amount and are to be acquitted in accordance with this policy.

The amount expended, and the nature of the expenditure, on Union entertainment must be reasonable, publicly defensible and not open to perceptions of excessiveness.

12.4 Depending on the nature of the expenditure incurred in sub-clauses 12.2 and 12.3 above, the HSU Travel Policy may also apply.

13. Expense Claims

13.1 All claims for authorised expense reimbursement must be made in writing and be supported by receipts and tax invoices for all such expenditure.

- 13.2 The Financial Controller will ensure that such claims have the associated receipts and tax invoices attached and contain sufficient information to establish the exact nature and purpose of the expenditure or claim.
- 13.3 Prior to expenditure claim payment being made, the National Secretary must approve such payments by signing the claim form.
- 13.4 Expense reimbursement claims made by the National Secretary must be approved by the National Finance Committee or National Executive prior to payment being made.
- 13.5 A copy of all claim forms will be provided to each meeting of the National Finance Committee.

14. Monthly Accounts

The National Secretary is to arrange for monthly accounts and reports to be prepared by the Financial Controller. These reports are to be reviewed by the National Secretary and the National Finance Committee. The National Finance Committee will receive and review the financial reports at each meeting

The monthly accounts and reports to be presented to the National Finance Committee must include:

- Balance Sheet Report
- Profit & Loss (Month and Year to Date) Reports
- Profit & Loss (Budget Analysis) Report
- Reconciliations Report
- Payments Report (Bank Register)
- Commbiz Transaction Reports
- Aged Receivables Report
- Aged Payables Report
- Purchase Register
- Monthly Bank Statement
- Monthly Credit Card Statements
- Monthly Expense Claims
- Monthly Travel Expense Claims
- Monthly Travel Reports

15. Donations and Sponsorship

All loans, donations and sponsorships, regardless of their value, must be approved by resolution of the National Executive or National Council prior to the expenditure or commitment to the expenditure.

16. Annual Operating Budget

The National Finance Committee, in consultation with the National Secretary, shall be responsible for developing a budget for the Union which should be submitted to the National Executive for adoption at its first meeting after 1 June each year. Once

approved, expenditure consistent with the budget constitutes “Normal Operating Expenses” and, unless provided for in the rules or in this policy, the National Secretary may expend or approve expenditure in line with the budget allocations.

17. Keeping of Financial Records

- 17.1 It is the responsibility of the National Secretary to ensure that all records regarding financial transactions, including records evidencing authorisation of those transactions and including MYOB data files, are retained for 7 years as required by subsection 252(5) of the Act.
- 17.2 The National Secretary will ensure that all records of financial transactions, including records evidencing authorisation of those transactions in accordance with the Financial Management Policy and Procedures, be kept and electronically archived and backed up each month.
- 17.3 The National Secretary will ensure that the National Auditors are provided with a copy of all electronic and hard copy financial records sufficient for the National Auditor to be able to compile a General Purpose Financial Report, and other reports, in accordance with the requirements of the Act. This information must be supplied within a timeframe requested by the Auditor.

18. Compliance and Review of this Policy

- 18.1 A substantial or repeated breach of this policy by a National Officer or National employee covered by the scope of this policy will be deemed to be a disciplinary offence, in the case of a National employee, or misconduct under the rules of the Union, in the case of a National Officer.
- 18.2 At least biannually, the National Finance Committee will undertake a review of the operation of this Policy and Procedures to ensure that the policy is adequately regulating the financial governance of the Union and that the policy is being fully complied with and report the findings of the review in writing to the National Executive.
- 18.3 The National Finance Committee and the National Executive will each have a standing ‘Governance Issues’ agenda item for each meeting to provide a regular forum for the discussion of union governance issues.
- 18.4 The National Secretary will ensure that all relevant policies and procedures are made available to National Officers and National employees and that appropriate training (including an induction process) is offered to ensure they understand the union’s financial policies and procedures and their own responsibilities.

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