

POLICY AND PROCEDURES

Financial Management Policy and Procedures

Policy Approval Date:	10 December 2020
Approved by:	National Executive
Approval Resolution No:	NE 2020/079
Policy Application Date:	10 December 2020
Version No:	21
Replaced Version No & Date:	20 (18 June2020)
Next Review Date:	June 2022
Relevant Rule:	HSU Rule 89
Relevant Legislation:	Fair Work Act (2009); Fair Work (Registered Organisations) Act (2009); Occupational Health and Safety Act 2004 (Vic); Income Tax Assessment Act (1936); Corporations Act (2001)
Scope:	This policy, or parts of this policy have application to all HSU Branches

Introduction

The Health Services Union (HSU) is the union representing members employed or usually employed in the health and human service industries in Australia.

In this Policy, the HSU includes the following Branches:

- New South Wales
- South Australia/ Northern Territory
- Tasmania Branch (Trading as Health & Community Services Union)
- Victoria No.1 Branch (Trading as Health Workers Union)
- Victoria No.2 Branch (Trading as Health & Community Services Union)
- Victoria No.3 Branch (Trading as Victorian Allied Health Professionals Association)
- Victoria No.4 Branch (Trading as Medical Scientists Association of Victoria)
- Western Australia

Policy Statement

HSU National Officers and employees 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 Officers and employees must behave honestly and with integrity in the course of their employment or duties.

HSU National Officers and employees must disclose, and take reasonable steps to avoid, any conflict of interest (real or apparent) in connection with Union employment or duties.

HSU National Officers and employees 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 Officers and employees 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.

Definitions

'conflict of interest' includes:

- a) an actual conflict of interest, where a material interest interferes with the proper performance of the duties of the employee or member, and
- b) an apparent conflict of interest, where it could be perceived by others that the material interests of the member interferes with the proper performance of the duties of the member, whether or not this is in fact the case, and
- c) a potential conflict of interest, where the material interests of the member could interfere with the proper performance of the duties of the member in the future.

'Council' means the National Council of the HSU.

'credit card' also means 'debit card'.

'employee' means HSU National employee.

'Executive' means the National Executive of the HSU.

'Finance Committee' or **'Committee'** means the National Finance Committee of the HSU

'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 Executive.

'HSU National' or **'National'** means National Office of the HSU.

'HSU Rules' means the rules of the HSU registered in accordance with the Act.

'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.

'member' means a member of the National Council, National Executive or National Finance Committee or any national committee or sub-committee as defined by the rules of the Union.

'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 *Fair Work (Registered Organisations) Act 2009*.

'National Secretary' means person elected by National Council as such in accordance with rule 23B to act in accordance with responsibilities under rule 26 of the HSU Rules.

'other approved person' means person/s approved by the National Secretary, Executive or Finance Committee.

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

1. National Office supplied Credit Cards

- 1.1 HSU National credit cards may be supplied to National Officers and any employee as expressly approved by resolution of the Executive.
- 1.2 All credit cards issued to National Officers and employees are to be used only for bona fide HSU National 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 Finance Committee, Executive or Council in accordance with clause 4.
- 1.3 Other than as provided for in Clause 4 of this policy, credit cards must not be used for personal expenditure not associated with bona fide HSU business.
- 1.4 No cash withdrawal facilities shall be available from HSU credit cards.
- 1.5 While the credit card account must be in the name of the HSU, credit cards will only be issued to individuals and those individual card holders are responsible for all expenditures made on their card.
- 1.6 The collective limit on all credit cards held in the name of the HSU National shall be an amount determined by resolution of the Executive.
- 1.7 The Executive shall determine by resolution the credit card limits held by Officers and employees of the HSU.
- 1.8 Credit card expenditure on any item of expenditure which exceeds \$250 for card holders, other than the National Secretary, must have the prior approval of the National Secretary, unless there are exceptional circumstances. 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. The approval must be documented and attached to the relevant credit card reconciliation form for the period in which the expenditure was incurred.
- 1.9 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.
- 1.10 The Financial Controller is to ensure that all credit card expenditure by all National Officers and employees have associated receipts and tax invoices and those monthly reconciliations have sufficient detail supplied by the card holder, including by the National Secretary.
- 1.11 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 Finance Committee.

- 1.12 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 Finance Committee.
- 1.13 The 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 Executive.

2. Normal Operating Expenses

(General administration and reasonable incidental expenditure)

- 2.1 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 2.2 and 2.3, 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 Executive or Council including campaign expenses.
- 2.2 "Normal Operating Expenditure" includes but is not limited to the following items of expenditure:
 - (a) Affiliation Fees (other than ACTU Affiliation), air fares, accommodation, audit fees, cleaning and housekeeping products, computer support, computer and associated 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.
 - (b) The limit of expenditure on any of the above items, other than expenditure on Executive and Council meetings (see sub-clause 2.4), without the approval of the Finance Committee or 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 Finance Committee Minutes.
- 2.3 ACTU affiliation, superannuation, wages, Australian Taxation Office
 - (a) Expenditure on the above items is as incurred. The wages paid to any National Officers and employees are to be in accordance with the resolution of the Executive or Council setting those wages.

- 2.4 National Executive and National Council meetings
- (a) The limit of expenditure relating to the conduct of each Council meeting is to be determined by resolution of the Executive prior to a Council meeting taking place.
- 2.5 Legal Expenses
- (a) Legal expenses are not normal operating expenses and require approval by resolution of the Finance Committee or Executive. Where possible the engagement of legal advice/representation should be approved by Finance Committee or 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 Finance Committee or Executive following the engagement.
- 2.6 The National Secretary must scrutinise any expenditure incurred by, or on behalf of, HSU National. 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 8.2 and 9.2 of this policy.

3. Extraordinary Operating Expenses

(Not general administration and reasonable incidental expenditure)

- 3.1 This clause applies to expenditure that is not expenditure on the general administration of HSU National or for purposes reasonably incidental to the general administration of the HSU (“extraordinary expenditure”).
- 3.2 Unless otherwise provided for in this policy, all extraordinary expenditure requires the approval of the Finance Committee, Executive or Council. Extraordinary expenditure over \$10,000 and up to \$50,000 requires prior approval by the Finance Committee, Executive or Council. Extraordinary expenditure over \$50,000 requires prior approved by the Executive or Council. The approval of extraordinary expenditure by the Finance Committee must be reported to the next meeting of the Executive or Council. The approval of extraordinary expenditure by the Executive or Council must be minuted.
- 3.3 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 Finance Committee at its next meeting.

4. HSU Funds on Personal Expenditure

- 4.1 HSU funds must not be used for personal expenditure not associated with bona fide HSU business.
- 4.2 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.
- 4.3 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.
- 4.4 Where these circumstances arise, the following will apply:
 - (a) The Officer or employee must reimburse the HSU in full as soon as the amount of personal expenditure is known and, unless it is unreasonable to do so, before the HSU incurs any actual expenses (e.g. before a credit card payment or invoice is paid).
 - (b) 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.

5. Financial Institution Accounts in the Name of the HSU

- 5.1 Financial institution accounts in the name of the HSU may only be opened or closed by resolution of the Executive.
- 5.2 Funds from the financial accounts in the name of the HSU, 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 Executive.
- 5.3 Funds can only be transferred to and from financial accounts in the name of the HSU, other than the operating account, to the Commonwealth Bank Operating Account by way of a written transfer request signed by the National Secretary, which is then subsequently approved by way of online authorisation through internet banking. Any written authorisation to approve funds transfers must accompany any request to the relevant account authoriser/s when the request to approve by means of electronic transfer is made. Copies of all correspondence must be filed with any transfer documentation.
- 5.4 Other than by Electronic Funds Transfer (EFT's) or authorised Direct Debit Transactions (DDT's) made in accordance with Clauses 8 and 10 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.

- 5.5 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 HSU.
- 5.6 Monthly statements for all financial accounts operated in the name of the HSU must be presented to the Finance Committee at their meetings.
- 5.7 Any union funds not required to be held in the Commonwealth Bank Operating account will be held in HSU investment accounts which provide a higher rate of interest.

6. Operation of CommBiz

- 6.1 Only persons authorised by resolution of the Executive may operate the Commonwealth Bank Operating Account via CommBiz.
- 6.2 The issue of CommBiz tokens and replacement tokens require the approval of the Finance Committee.
- 6.3 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.
- 6.4 CommBiz tokens are the property of the HSU and must be returned to the National Secretary or Financial Controller when the need for having a token no longer applies.

7. Electronic Funds Transfers

- 7.1 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.
- 7.2 Except as provided for in Clause 8, EFTs will only be prepared by the Financial Controller with the prior written approval of the National Secretary.
- 7.3 Once an EFT is authorised by the National Secretary, it may then be uploaded for payment on CommBiz ready for authorisation.
- 7.4 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 7.2 and 7.3.
- 7.5 EFT reports will be examined by the National Secretary and initialled to confirm that they are the same as the transaction that was approved.

8. Direct Debit Transactions

- 8.1 Direct Debit Transactions (DDT's) may only be established by resolution of the Finance Committee approving the establishment of a direct debit facility.
- 8.2 All DDT's must be authorised by the Secretary in the month the expenditure occurs.

- 8.3 All DDT's will be examined by the Secretary following the transaction and the transaction advice initialled confirming that the transaction was the same as the invoiced amount.

9. Approval of Wage Runs

- 9.1 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 Executive or Council.
- 9.2 All EFT payroll transactions must be authorised by the National Secretary, and two other National Officers approved by Executive. The National Secretary is to authorise the payroll expenditure first.
- 9.3 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.

10. Purchasing Goods and Services

- 10.1 Nothing in this Clause serves to limit the application of Clauses 2 or 3 of this Policy.
- 10.2 The engagement of barristers and Legal Services (see sub-clause 2.5) has a standing exemption from the application of this Clause.
- 10.3 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
\$10,000 or less	Market should be tested from time to time to ensure value for money
Between \$10,000 and \$20,000	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 Executive and Council meetings (see subclause 2.2), Finance Committee or Executive makes the final decision.
Between \$20,000 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 Executive and Council meetings (subclause 2.2), Finance Committee or Executive makes the final decision.
More than \$50,000	Open Tendering must be undertaken and overseen by the Finance Committee. Executive makes the final decision.

- 10.4 Exemptions from obtaining quotations may only be made by resolution of the Finance Committee or Executive and the reasons for an exemption must be documented in the minutes.
- 10.5 Purchases from Regular or Preferred Suppliers

- (a) 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.
- (b) 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.

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

11. Dining and Entertainment Expenses

11.1 It is recognised that from time to time it may be appropriate for National Officers and 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 1, 7 or 12 depending on the nature of the payment.

11.2 HSU Business Meals

- (a) "HSU Business meals" are meals taken with stake holders, during which a specific union business discussion takes place.
- (b) The HSU will pay or will reimburse National Officers and employees for the reasonable cost of HSU business meals when they are directly related to or associated with the active conduct of HSU business. The amount expended on HSU business meals must be reasonable, publicly defensible and not open to perceptions of excessiveness.
- (c) Business meal expenses require an itemised receipt regardless of the amount and are to be acquitted in accordance with this policy.

11.3 HSU Entertainment

- (a) "HSU Entertainment expenses" are activities that include entertainment associated with Executive or Council meetings, meeting with groups of members or stake holder activities. Such expenses incurred by Officers or employees are paid for or reimbursed only if they are directly related to the active conduct of HSU's business or are necessary to accomplish the HSU's business.
- (b) HSU business must be transacted immediately before, during, or immediately after the activity.

- (c) HSU Entertainment expenses require an itemised receipt regardless of the amount and are to be acquitted in accordance with this policy.
- (d) The amount expended, and the nature of the expenditure, on HSU entertainment must be reasonable, publicly defensible, and not open to perceptions of excessiveness.

11.4 Depending on the nature of the expenditure incurred in sub-clauses 11.2 and 11.3 above, the HSU Travel Policy may also apply.

12. Expense Claims

- 12.1 All claims for authorised expense reimbursement must be made in writing and be supported by receipts and tax invoices for all such expenditure.
- 12.2 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.
- 12.3 Prior to expenditure claim payment being made, the National Secretary must approve such payments by signing the claim form.
- 12.4 Expense reimbursement claims made by the National Secretary must be approved by the Finance Committee or Executive prior to payment being made.
- 12.5 A copy of all claim forms will be provided to each meeting of the Finance Committee.

13. Disposal of Goods

- 13.1 Goods and equipment purchased by the organisation may be disposed of when they become surplus to, or no longer meet the needs of the office.
- 13.2 The sales value of an item is to be established with reference to the current sale/purchase price of goods in a similar condition and age in second-hand markets.
- 13.3 Where practicable the equipment will be offered for sale and the funds re-cooped for the organisation. Where no sale is achieved the nominal value to the organisation will be determined as the written down value as per the Fixed Assets Register.
- 13.4 Any item will be available to staff or branches at the determined value less any advertising fee that would otherwise be incurred.

14. Monthly Accounts

- 14.1 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 Finance Committee. The Finance Committee will receive and review the financial reports at each meeting

14.2 The monthly accounts and reports to be presented to the 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 Allowance Claims
- Monthly Travel Reports

15. Donations and Sponsorship

15.1 As a general rule, all loans, donations and sponsorships, regardless of their value, must be approved by resolution of the Executive or Council prior to the expenditure or commitment to the expenditure.

15.2 In some circumstances, the timing and urgency of the donation request may prevent the prior approval of Executive. The National Secretary, after consultation with the National President or the Chair of the Finance Committee, may approve a single donation up to a maximum of \$3,000. The donation and approval must be reported and recorded by resolution at the next meeting of the Executive.

16. Annual Operating Budget

16.1 The Finance Committee, in consultation with the National Secretary, shall be responsible for developing a budget for HSU National which should be submitted to the 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 Financial Controller will compile a General Purpose Financial Report, and other reports, in accordance with the requirements of the Act. The National Secretary will ensure that the National Auditors are provided with a copy of all electronic and hard copy financial records, including the General Purpose Financial Report and all other reports drafted by the Financial Controller, sufficient for the National Auditor to be able to undertake a complete audit of the HSU finances and reporting obligations, in accordance with the requirements of the Act. This information must be supplied within a timeframe requested by the Auditor.

18. South Australian/ Northern Territory Branch

- 18.1 The provisions of this policy apply directly to the South Australian/ Northern Territory Branch (SA/NT Branch) as a part of the National Office Reporting Unit (NORU).
- 18.2 For the purposes of the SA/NT branch, references to national office financial institution accounts are to be read as references to SA/NT financial institution accounts
- 18.3 In addition, and as expressly provided under rule 95 of the HSU Rules, the SA/NT Branch retains control over the expenditure of its resources.
- 18.4 Where authorisation of expenditure is required in accordance with the following clauses:
- (a) 5. Financial Institution Accounts in the Name of the HSU
 - (b) 7. Electronic Funds Transfers
 - (c) 8. Direct Debit Transactions
 - (d) 10. Purchasing Goods and Services
 - (e) 11. Dining and Entertainment Expenses; and
 - (f) 12. Expenses Claims

The SA/NT Branch Secretary or in his/her absence, the officer designated by the SA/NT Branch Committee of Management, will authorise the expenditure in accordance with the requirements of each of the above clauses, as if he/she was the National Secretary of the HSU.

- 18.5 Authorisation by the SA/NT Secretary will not replace authorisation by the National Secretary but be required for the expenditure of SA/NT resources in addition to the normal authorisation processes detailed above.

- 18.6 All payments will be made from the SA/NT operating account.
- 18.7 Where national office funds have been used, the Financial Controller will undertake a reconciliation of SA/NT expenditure and, once approved by the SA/NT Secretary and National Secretary, will transfer funds from the SA/NT operating account into the National operating account.

19. Confidentiality

- 19.1 The Financial Records of the HSU are confidential and to be kept in accordance with the provision of the Act.
- 19.2 The HSU will make available to any financial member of any branch of the HSU, the financial records of HSU National, in accordance with the provisions of s235 or s236 of the Act, or rule 84 of the HSU Rules.
- 19.3 The provisions of rule 84(d) concerning the improper use of the records apply whether the information is accessed under the HSU Rules or the provisions of the Act.
- 19.4 Breach of the provisions constitutes a breach of the HSU Rules and therefore a breach of the Act.

20. Compliance and Review of this Policy

- 20.1 A substantial or repeated breach of this policy by a National Officer or employee covered by the scope of this policy will be deemed to be a disciplinary offence, in the case of an employee, or misconduct under the rules of the HSU, in the case of a National Officer.
- 20.2 At least every two years, the 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 HSU and that the policy is being fully complied with and report the findings of the review in writing to the Executive.
- 20.3 The Finance Committee and the 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.
- 20.4 The National Secretary will ensure that all relevant policies and procedures are made available to National Officers and employees and that appropriate training (including an induction process) is offered to ensure they understand the HSU's financial policies and procedures and their own responsibilities.

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