



FINANCIAL PROCEDURES

Background

The key financial tasks of Merri Corner Community Garden are:

- a) The Treasurer, with the Finance Sub-committee, must prepare an annual budget and submit this to the Committee for approval.
- b) Merri Corner Community Garden will reimburse its members any reasonable and authorised expenses incurred by them on behalf of Merri Corner Community Garden or in the course of Merri Corner Community Garden business.
- c) The Treasurer or another member of the Finance Sub-committee must report to the Committee on a monthly basis a summary of all income and expenditure for the year to date and highlight any variations from the Budget in accordance with the agreed procedures.

Purpose

To document procedures relating to the financial management of Merri Corner Community Garden in accordance with its Finance Policy. This includes requirements for approving the budget, reporting on income and expenditure to the Committee and for reimbursement of expenses incurred on behalf of Merri Corner Community Garden.

Procedures

1. *Preparation of the Budget*

- a) In April each year, the Treasurer and the Finance Sub-committee start preparing the budget estimates for the next financial year. The process includes:
 - considering operational costs;
 - considering any constructions / set-up costs;
 - estimating income (other than fees); and
 - reviewing membership and plot holder fees for the following financial year. Note that any change to membership fees requires a variation of the garden rules.

- b) The initial budget estimates are based on the current expenditure projections to end of year plus a 10 per cent increase on operating expenses such as water bills etc. Details of how cost increases will be absorbed or lead to increases in membership and plot holder fees will be provided.
- c) The Treasurer will present the draft budget for discussion at a Finance Sub-Committee meeting. The Finance Sub-Committee may accept the estimates as presented or may request variations. A detailed report denoting reasons for decisions should be attached to the draft budget for discussion.
- d) The Treasurer will then revise the draft and present the amended draft budget at the next available Committee meeting, by the end of May. Once adopted by the Committee, this becomes the official operating budget for The Merri Corner Community Garden for the following financial year, and all Committee members and members of the Merri Corner Community Garden must work within the financial limits stated or implied by this document.

2. *Monitoring and Reviewing the Budget*

- a) The Treasurer and the Finance Sub-committee are responsible for monitoring the organisation's expenditure, reviewing the actual and budgeted expenditures, and reporting on the progress of such expenditure. This applies to all funding sources, eg grants, fundraising and membership/plot holder fees.
- b) Financial statements will be presented to the Committee each month showing the year-to-date expenditure and income and any variation from the budget estimates.
- c) If a variation from the operating budget is identified in a monthly financial statement, a detailed commentary should be attached and presented to the Committee detailing the reasons for variations and recommendations for any corrective action required. The Treasurer and the Finance Sub-committee will document what effect the variation will have on the budget projections for the remainder of the year and propose an Amended Budget to the Committee for approval if required.
- d) Once approved by the Committee, the Amended Budget will become the new operating budget for the remainder of that financial year.

3. *Reporting on income and expenditure:*

- a) The monthly financial statements to the Committee must as a minimum include the following:
 - i. List of each bank transaction during the month, both credits and debits, and the total income and expenditure for that month as well as the year to date.
 - ii. Source of funding to cover the expenses for that month.
 - iii. Details of any expenses which are over-budget
 - iv. Details of any outstanding payments and any action taken to chase up payment
- b) The end of financial year statement presented at the AGM must meet the Consumer Affairs Victoria guidelines for Incorporated Associations and must include as a minimum :

- i. the income and expenditure of the Merri Corner Community Garden during its last financial year
 - ii. the assets and liabilities of the Merri Corner Community Garden at the end of its last financial year (a balance sheet)
- c) For the purpose of the end of financial year statement, the following apply:
- i. The Treasurer and the Finance Sub-committee must maintain adequate and accurate accounting records of financial transactions and ensure these records are kept for seven years on behalf of the Committee.
 - ii. An asset is any item purchased on behalf of the Merri Corner Community Garden that cost over \$300 and which has a limited effective life and can reasonably be expected to decline in value over time. This includes items such as tools, electrical equipment, fences and other structures, but excludes soil and plants which are not considered to be depreciable assets.
 - iii. The Treasurer and the Finance Sub-committee must report on all assets annually in the end of financial year statement and calculate the depreciation in accordance with Australian Taxation Office guidelines and any advice from accountants. As an example if depreciation is determined to be 10% of the purchase cost per year, then after 10 years the asset has no remaining value and will no longer be reported as an asset on the end of financial year statement.
 - iv. A liability is any outstanding expenditure arising from past transactions or events which must be paid in future.

4. *Reimbursement of expenses and payment of invoices*

- a) Merri Corner Community Garden will reimburse members for reasonable and authorised expenses for supplies, assets or services purchased on behalf of the Merri Corner Community Garden.
- b) Expenses under \$100 will be reimbursed subject to approval from two Committee members.
- c) Expenses over \$100 must have approval from the Committee before being reimbursed.
- d) Where expenses are covered by a project budget, (eg a social event or construction task) that has been approved by the Committee, reimbursements to members will be made, or invoices from non-members paid, for any expenses within the approved project budget provided that the actual cost does not exceed 5% more than the agreed budget value for that item. Where actual costs do exceed 5% more than the agreed budget for any item, then this expense will need to be approved by the Committee before being paid.
- e) Advance payments may be authorised where appropriate, in line with the above delegation of authority under section 4b & 4c. Such payments will be subtracted from the amount of any later reimbursements. If expenditure is not for whatever reason incurred then any advance payments made, or any unspent portion of such payments, must be returned.
- f) No reimbursement of expenditure can be made or invoices paid without the provision of a corresponding original receipt to the Treasurer. In cases where a receipt is lost or not available,

the Treasurer may accept a copy of a bank statement as proof of purchase or a statutory declaration instead of a receipt.

- g) Expense claims that have not had the appropriate level of approval or for which there is no receipt or approved equivalent may be rejected by the Treasurer.
- h) Any dispute over an expense claim must be reported to the Finance sub-committee for review and any action as appropriate.

5. *Membership and Plot Holder fees:*

- a) The Treasurer or another member of the Finance Sub-committee must give notice by email one month in advance of the due date of membership and/or plot holder fees. Additional notice will be provided at the garden site of the due date for any payments.
- b) If a plot holder is unable to pay the required fee in full by the deadline, the Treasurer has discretion to enter into an agreement with the plot holder for progressive payments over a 3-month period.
- c) The Treasurer or another member of the Finance Sub-committee must email plot holders a receipt within 1 week of receiving payment to confirm that fees have been paid.
- d) If payment of plot holder fee is not received by the nominated due date (or within the 3-month period if an alternative agreement has been made under clause 5.b) above) then the plot holder will be notified that they have forfeited their plot and the plot may be offered to a member on the waiting list at the next available opportunity.

Related documents

Merri Corner Community Garden **Finance Policy**.