

# **The Cheltenham Recreation Club (CRC) and The Sydney Real Tennis Club (SRTC)**

## **Financial Management and Budgeting - Policies and Procedures**

These policies and Procedures clarify the roles, authority, and responsibilities for essential financial management activities and decisions associated with the development of a multi-purpose sports hall at The Cheltenham Recreation Club, New South Wales.

In the absence of an adopted policy, staff and board members are likely to operate under a set of assumptions that may or may not be accurate or productive. Even though there may be occasional deficits, or periods of tight cash flow, the following characteristics are good signs that the Sports Hall Project will remain financially healthy over the long-term.

### **Aims and objectives**

The purpose of these policies and procedures is to describe and document how the board wants financial management activities to be carried out. It addresses these five areas:

1. Assignment of authority for necessary and regular financial actions and decisions, which may include delegation of some authority
2. Policy statement on conflicts of interest or insider transactions
3. Clear authority to spend funds, including approval, check signing, and payroll
4. Clear assignment of authority to enter into contracts
5. Clear responsibility for maintaining accurate financial records

### **The Sports Hall Project (the Project)**

The Project is a collaboration between CRC and SRTC to construct a multi-purpose Sports Hall. The project is governed by:

- Agreement to Lease, covering the construction phase and
- Management Agreement, covering the operation of the sports hall.

These legal agreements are shown in Attachment K.

### **Approvals**

These policies and procedures have been endorsed by the Board of Directors of CRC and SRTC.

## CRC and SRTC Financial and Control Policies in respect of the Project

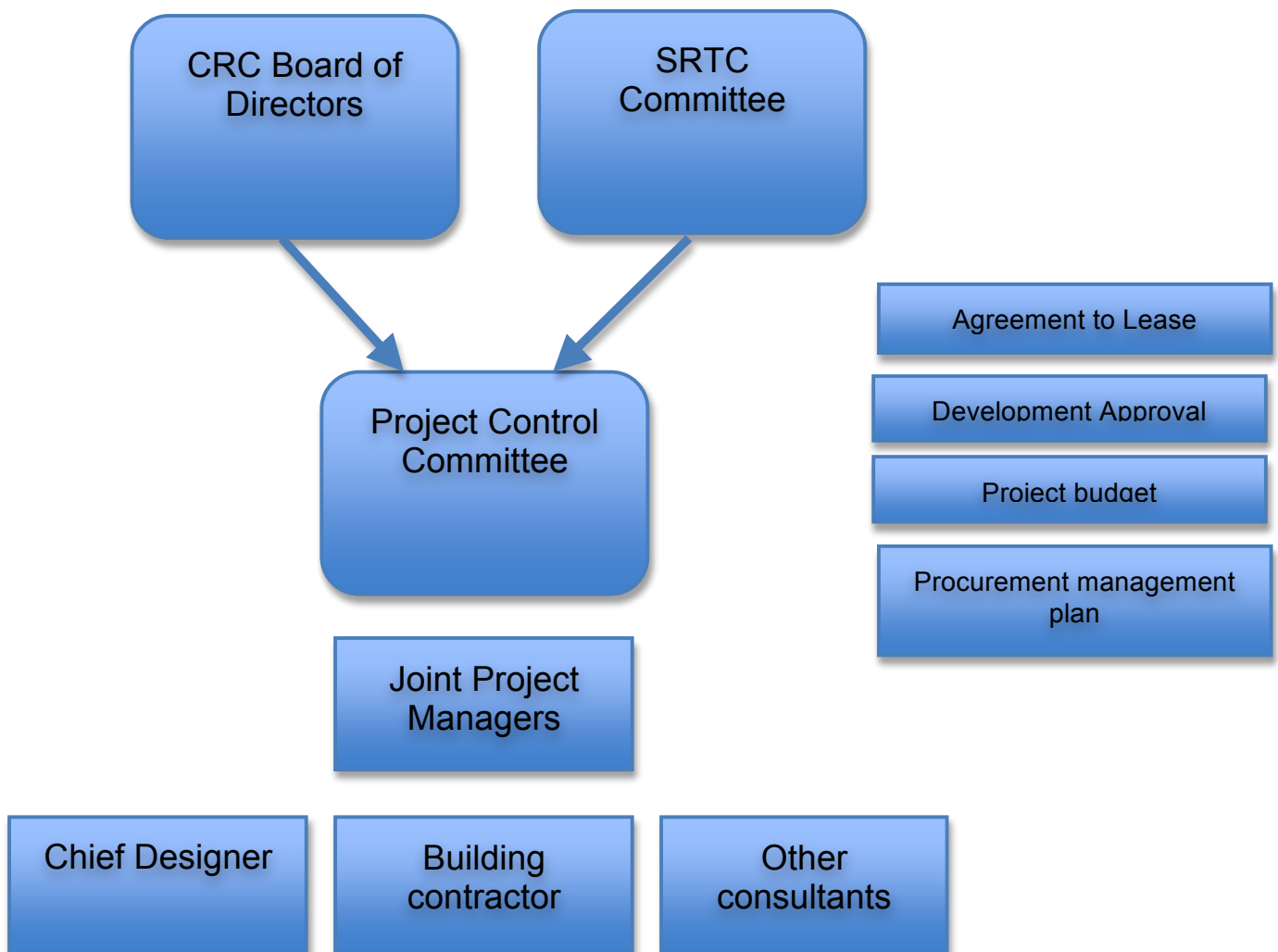
### Philosophy

The purpose of financial management in the operation of all Project activities is to fulfill the requirements of the legal agreements in the most effective and efficient manner and to remain accountable to stakeholders, including clients, partners, funders, employees, and the community. In order to accomplish this, CRC and SRTC commit to providing accurate and complete financial data for internal and external use.

### Authority

The Board of Directors of CRC and the Committee of SRTC are ultimately responsible for the financial management of all activities of their respective organisations. However, the Agreement to Lease sets out the division of responsibilities as between CRC and SRTC as regards the construction of the Sports Hall. In essence CRC is making available land for the Sports Hall and SRTC is responsible for the construction.

Section 11 of the Agreement to Lease requires the establishment of a Project Control Committee to monitor the progress of the Tenant's works and deal with any areas of concern.



- The Joint Project Managers are responsible for the day-today financial management of the Project. The PRC authorizes the Joint Project Managers to hire and supervise the Building Contractor and independent consultants, authorize payment of bills, receive funds, and maintain bank accounts.
- The Joint Project Managers are authorized make payments up to \$2,500. Payments greater than \$2,500 shall require co-approval from the SRTC Treasurer.
- The Joint Project Managers are authorized to enter into contracts for activities that have been approved by the SRTC Committee as a part of budgets or plans. The SRTC Committee must authorize any contracts outside of these parameters and all contracts with a financial value greater than \$15,000.
- The Project Managers are authorized to manage expenses within the parameters of the overall approved budget, reporting to the SRTC Committee on variances and the reason for these variances.

## **Responsibilities**

The Joint Project Managers shall:

- Account for grant funding separately from private donations and other general operating funds, and clearly define the restrictions applicable to these funds.
- Report the financial results of operations according to the schedule established by the Project Control Committee, but at least quarterly.
- Pay all obligations and file required reports in a timely manner.
- Make no contractual commitment including for bank loans, credit cards, or purchases without specific approval of the SRTC Committee.
- Record fixed assets with purchase prices greater than \$500 as capital assets in accounting records.
- Depreciation of capital assets will reflect the effective useful life of those assets.
- Limit vendor credit accounts to prudent and necessary levels.
- Obtain competitive bids for items or services costing in excess of \$2,500 per unit. Selection will be based on cost, service, and other elements of the contract.

The Joint Project Managers may award the bid to any provider and is not required to accept the lowest cost proposal.

The Project Control Committee shall:

- Review financial reports at each meeting.
- Provide adequate instruction to members to enable each member to fulfill his or her financial oversight role.

## **Financial Transactions with Insiders**

No advances of funds to employees, officers, or directors are authorized. Direct and necessary expenses including travel for meetings and other activities related to carrying out responsibilities shall be considered for reimbursed, as long as advance approval is obtained.

## **Budget**

In order to ensure that planned activities minimize the risk of financial jeopardy and are consistent with board-approved priorities, long-range organization goals, and specific five-year objectives, the Joint Project Managers shall:

- Submit operating and capital budgets to the SRTC Committee in time for reasonable approval by the Committee prior to each fiscal year.
- Use responsible assumptions and projections as background, with the general goal of ensuring that the project has the capacity to pay debts as and when they fall due.

## **Gift Acceptance**

SRTC will accept donations in the form of cash or other assets or services in kind from individuals and corporations. Transfer and recording the value of the donations shall be done in a consistent manner and in compliance with accounting standards.

SRTC shall accept contributions of goods or services other than cash that are related to the project.

## **Asset Protection**

In order to ensure that the assets are adequately protected and maintained, the Joint Project Manager shall:

- Maintain adequate insurance
- Plan and carry out suitable protection and maintenance of property, building, and equipment.
- Avoid actions that would expose the project, or its staff to claims of liability.
- Protect intellectual property, information, and files from unauthorized access, tampering, loss, or significant damage.
- Receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments.