

Introduction	Good financial management involves being able to review financial information, effectively manage funds, implement sound financial practices and understand the organisation's financial position and obligations.
Why it is important	<ul style="list-style-type: none"> • It is a legal requirement to ensure an organisation is solvent (able to pay its bills) • Good money management contributes to an organisation's longevity • Keeping good financial records can assist when applying for funding and/or sponsorship • There is a need to meet general financial accountability requirements.

1. Committee responsibilities

- Duty to act in good faith and for a proper purpose
- Duty to act with reasonable care, skill and diligence
- Duty not to misuse information or position, and
- Duty to disclose and manage conflicts of interest
- When appointed, all committee members take on the legal and moral duty as trustees of the organisation.
- The committee (not just the treasurer) is responsible for the organisation's financial management.
- Committee members must never allow personal interests to interfere with the interests of the organisation; this is called fiduciary duty
- Poor financial management practices may lead to the inability for an organisation to pay their debts – this is called insolvency and is illegal
- If a committee member is found to be negligent in their duties, they may be held legally responsible for their actions (sued).

Organisations can differ in their financial requirements depending on their structure. For more specific information and resources please refer to the following websites;

- Office of Fair Trading provides information in relation to incorporated associations, charities and fundraising. They provide a downloadable booklet for incorporated associations that includes requirements including holding AGMs and meetings. The website includes information on financial requirements for incorporated associations.

<https://www.qld.gov.au/law/laws-regulated-industries-and-accountability/queensland-laws-and-regulations/associations-charities-and-non-for-profits>

- The Australian Charities and Not-for-Profits Commission provides information for charities including reference to required financial reporting.

<https://www.acnc.gov.au/>

- The Australian Tax Office (ATO) gives information on starting an organisation, legal structures, obligations and deductible gift reciprocity status.

<https://www.ato.gov.au/Non-profit/>

If you are unsure of your organisations' financial requirements, please contact these bodies directly or gain your own legal advice. As legislation changes from time to time, going directly to reputable and recognisable sources of information can help your organisation stay up to date with any obligations.

2. Financial management systems

There are a number of financial management systems that may be helpful in managing an organisation's finances, depending on individual circumstances.

These may include:

- Audited accounts
- Balance sheet
- Bank reconciliation
- Bank reconciliation reports
- Budget analysis
- Cash book
- Cash flow
- Computer software (e.g. Xero, MYOB)
- Income and expenditure report (profit and loss)
- As required, a signed verification statement from an auditor, accountant or another person approved by the Office of Fair Trading

It is also recommended to keep receipts for all purchases made and scan/photograph so that an electronic version can be securely stored. These may be required as proof of expenditure for the ATO or to acquit grant funds.

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