



Partner Housing Australasia (Building) Incorporated
ABN 88 722 057 429 CFN: 15429
Web: www.partnerhousing.org
Pro-bono professional services and funding for South Pacific
village infrastructure, housing, water, sanitation and training.



272 Blackwall Road, Woy Woy NSW 2256, Australia
Phone: +61 432 611 550
Email: partner.housingaus@gmail.com

Partner Housing is a signatory to the ACFID Code of Conduct, which is a voluntary, self-regulatory sector code of good practice. As a signatory we are committed and fully adhere to the ACFID Code of Conduct, conducting our work with transparency, accountability and integrity.

Funding Management Policies and Procedures



Declaration – These policies and procedures have been approved by the Partner Housing Australasia (Building) Incorporated Annual General Meeting of 4 December 2023. They set out the means of complying with the “Constitution & Code of Conduct”, and the requirements of the Australian Department of Foreign Affairs and Trade (DFAT) and the Australian Council for International Development (ACFID).

Signed

Rod Johnston, President, Partner Housing Australasia (Building) Incorporated

Adoption of Document Revisions

Reference	Revision	Date of Adoption	Principal Amendments
P23040351	1	3 April 2023	Revision to align with Vision, Mission, Values & DFAT requirements
P24010151	1	1 January 2024	General review and update

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Vision

Partner Housing Australasia is an entirely voluntary organisation, which aims to transform the lives of people living in Asia-Pacific villages by improving the cyclone, earthquake and tsunami resistance of their houses, clinics, schools, and community buildings; and by providing clean water supplies and hygienic sanitation.

Commitment

Consistent with the vision, Partner Housing Australasia and its Partner Organisations are committed to adopting sound financial policies and procedures for the funding of international development programs.

Code of Conduct

Partner Housing Australasia is a signatory to the ACFID Code of Conduct, which is a voluntary, self-regulatory sector code of good practice. As a signatory, we are committed and fully adhere to the ACFID Code of Conduct, conducting our work with transparency, accountability, and integrity. The following policies and procedures have been developed to reflect the vision statement, and to simultaneously ensure consistency with the ACFID Code of Conduct.

Scope

These Policies and Procedures apply to Partner Housing Australasia, its Partner Organisations, Representatives, and any guests who might accompany these people to the locations where the programs are implemented. The “Policy” expands the organisation’s vision, mission, and values; together with satisfying the DFAT and ACFID requirements, and the “Procedures” set out the means of implementing policy. An associated “Training” document provides additional material and background, and “Compliance and Audit Record” documents provide the relevant records of compliance and verification.

Definitions

A comprehensive set of definitions is set out in “Constitution & Code of Conduct”. Definitions specific to this policy are set out below.

Partner Organisations are those bodies working with Partner Housing Australasia to implement the programs. For purposes of this document, they include (but are not limited to) Vision for Homes [PNG] and South Ranongga Community Association [SRCA]).

Risk Analysis is a systematic use of available information to determine how often specified events may occur and the magnitude of their likely consequence. For purposes of this policy, Risk Analysis and associated terms (including those listed herein) are as defined in ISO 31000 and AS/NZS 4360 “Risk management”.

Corruption is a type of fraud. Corruption is a misuse of entrusted power for private gain. The Commonwealth defines corruption as conduct that involves, or that is engaged in for the purpose of, the staff member abusing his or her office as a staff member of the agency, conduct that perverts, or that is engaged in for the purpose of perverting, the course of justice, and conduct that, having regard to the duties and powers of the staff member as a staff member of the agency, involves, or is engaged in for the purpose of, corruption of any other kind.

Fraud risk assessment identifies fraud risks and corresponding controls to minimise or mitigate the identified risks.

Fraud control strategy is the plan for how fraud will be managed or controlled in an organisation or program.

Collusion is a deceitful agreement or compact between two or more persons or organisations, aimed at defrauding a third party. Collusion against DFAT could involve DFAT officers, funding recipients and/or other parties.

Internal Fraud is fraud committed by a DFAT officer, and is generally dealt with under the Public Services Act 1999. For locally engaged staff (LES) at posts, the LES Code of Conduct applies in conjunction with local employment law. Corruption is a type of internal fraud.

External Fraud is fraud committed by a party external to the Commonwealth, for example, funding recipient entrusted with the use of public funds. It can be dealt with under a range of civil or criminal provision, contract clauses, or other mechanisms depending on the location of the incident.

Money Laundering is defined as the process of concealing the origin of money, obtained from illicit activities such as drug trafficking, corruption, embezzlement or gambling, by converting it into a legitimate source.

Policy

E1.1 Financial policies and procedures for funding

Partner Housing Australasia shall have sound, effective and proven funding, finance, accounting and financial reporting principles and procedures. The procedures within this document are integral with this policy, and provide the means of satisfying the policy requirements.

Partner Housing Australasia actively participates in the design and construction of village infrastructure in the Asia-Pacific region through funding, mentoring and professional services. The extent of this assistance shall be at the discretion of the Board. Partner Housing Australasia's role is limited to the following village infrastructure

- Houses
- Village community centres
- Village schools
- Village clinics and community health buildings
- Access roads to the above
- Water collection (e.g., wells & tanks) and reticulation to the above
- Septic systems and latrines to the above
- Hospitals

This policy means that commercial ventures and structures for major government institutions should not be included in pro-bono work, since these are normally funded by major corporations or governments, i.e., exclude:

- Shopping centres
- Hotels
- Factories
- Offices
- Entertainment
- Major roads
- Dams

An Operating Plan and Budget, covering the forward financial year and forward five (up to ten) year period shall be prepared and adopted at each February Board Meeting.

The Operating Plan and Budget shall consider:

- Current forward commitments.
- Expected additional commitments.
- Expected annual expenditure.
- Availability of cash reserves and expected cash flow.
- Availability of professional resources, volunteers, and goods-in-kind.

Responsible Personnel

The person with overall responsibility for implementing this policy is the Chief Executive Officer (CEO), with delegated responsibility to the Finance Manager and the Regional Managers, as set out in Procedures.

Procedures

Review of these Policies and Procedures

The policies and procedures set out in this “Policies and Procedures” document shall be reviewed at each Annual General Meeting, as part of the scheduled general policy review.

Risk Analysis

The CEO shall implement the following:

- Prepare a Risk Analysis for the risk of failure to follow prescribed accounting practices in the management of funds directly by Partner Housing Australasia or by the Partner Organisation.
- Assess and prioritize the risk associated with each program and its component projects, and determine the appropriate mitigation actions.
- Record the Risk Analyses in the Strategic Plans appropriate to each program.
- Summarize the Risk Analyses and the mitigations in a Risk Register.

Operating Plan and Budget

The CEO shall prepare a 10-Year Operating Plan and Budget to be adopted annually by the Board, and presented to the AGM for adoption. The Operating Plan and Budget shall include:

- (a) An Annual Budget for the financial year commencing on 1 July for the next financial year.
- (b) A 10-year Financial Plan, including program goals, for the 10-year period, commencing on 1 July for the next financial year. The plan may cover a shorter period if considered appropriate by the Board, but not less than five-years
- (c) Projected annual income and expenditure, and the assumptions used to derive these values.
- (d) Notes setting out the assumptions used in proposal budgets, which are realistic for the proposed activities of the Organisation.
- (e) An annual resource development plan (land, money, volunteers and goods-in-kind)
- (f) The description in the line items shall facilitate ensure proper disclosure of expenditure for activities and for monitoring (e.g., identification of expenditure, over expenditure, trends and unauthorised activities).
- (g) Line-item descriptions for project activity costs shall be in Australian dollars. When income or expenditure is reported in foreign currency and in country, the Australian dollar amount shall be reported together with the exchange rate and transfer costs. This is to facilitate consistency, transparency and consolidated audit trails.
- (h) The Board the AGM shall both approve the Operating Plan and Budget, including line-item descriptions and dollar amounts, and any budget line-item changes for project activity costs.
- (i) The procedures shall facilitate comprehensive consultation amongst the responsible managers, and scrutiny before consolidation into the overall project budget proposal.

Financial Reporting and Control

The CEO shall assist the President to execute the following –

- (a) The Partner Housing Australasia Board shall meet at least four (4) times per year, once in each quarter at such place and time as the Board may determine.
- (b) Each Board meeting shall consider and deliberate the reports and financial statements related to the previous quarter, shall approve the expenditure and other banking transactions during the quarter.
- (c) The August Board Meeting shall consider and deliberate the draft Annual Financial Report and recommend it to be sent to the Auditor for auditing.
- (d) The December Board Meeting shall consider and deliberate the audited Annual Financial Report and recommend it to be sent to the AGM for adoption.
- (e) The December AGM shall consider deliberate and adopt the audited Annual Financial Report.

Receipting and recording of donations and grants

The Finance Manager shall ensure that the following procedures are executed –

- (a) Partner Housing Australasia shall, whenever possible, require donations and grants be made as electronic bank transfers. Partner Housing Australasia shall also express a preference for email communication over hard copy mail. If hard copy payments or mail are delivered, mail opening and payment receipt procedures shall follow good internal control practices.
- (b) Payments received through the mail shall be recorded in a remittance advice register by the Finance Manager.
- (c) Payments received electronically shall be recorded in individual donor / grant management and ledger systems and shall be reconciled quarterly.
- (d) If received, Commonwealth funds provided by DFAT shall be properly receipted and banked promptly.
- (e) Partner Housing Australasia shall maintain an appropriate audit trail of all receipts, including for donations.

Payments in Australia for project activity costs

The Finance Manager shall ensure that the following procedures are executed –

- (a) Partner Housing Australasia shall operate transparent and accurate accounting systems for procurement, travel approval and expenditure, and other program functions.
- (b) Partner Housing Australasia shall, to the extent that is practical, ensure the good order, condition and quality of goods and services received is verified before payment is processed. This is most likely not practical for goods that are ordered in Australia, but supplied from overseas.
- (c) Payments shall be properly authorised.
- (d) Partner Housing Australasia shall require invoices to be provided electronically (preferably as PDFs). Where electronic means cannot be used to identify invoices, invoices shall be marked 'Paid' after payment to prevent their resubmission.
- (e) Program expenditure transactions shall be verified by supporting documentation and the acquittal statement when claimed against the contract.

Funds transfers to implementing partners

The Finance Manager shall ensure that the following procedures are executed –

- (a) Partner Housing Australasia shall provide evidence that overseas transfers to implementing Partner Organisations have been properly authorised.
- (b) Partner Housing Australasia shall provide email advice to implementing Partner Organisations of payments (including source documentation).
- (c) Partner Housing Australasia shall receive and retain acknowledgement of receipt of payment by the implementing Partner Organisation or supplier (for example, a receipt or letter acknowledging funds received, including the conversion rate and local or Australian currency).
- (d) Partner Housing Australasia shall obtain acquittal statements from implementing Partner Organisations.

Procurement of project goods and services

The Regional Managers shall obtain quotations for significant purchases where possible, and value-for-money principles shall be followed.

Cash management

The Finance Manager shall ensure that the following procedures are executed –

- (a) Partner Housing Australasia shall encourage electronic banking and transactions (including purchases, payments and donations) in preference to transactions. Where cash transactions are the only practical means of payments (e.g., boat hire in Solomon Islands), cash handling procedures shall be such that there is clear accountability and monetary limits. Procedures shall cover individual personnel responsibilities for cash; division of duties principles, where staffing resources permit; and approval processes for the use of cash for authorised activities.
- (b) Partner Housing Australasia shall discourage the practice on making petty cash advances. If petty cash advances are made, they shall be traceable, controlled and held in a safe place.
- (c) Partner Housing Australasia shall not advance petty cash for loans.
- (d) Petty cash expenditure shall be supported by documentation when acquitted.
- (e) Handover/takeover procedures between implementing organisation personnel shall be appropriate to deter fraud.
- (f) Partner Housing Australasia shall encourage donations to be made by electronic bank transfer. When electronic transfers or cash donations are received, they shall be deposited in the Organisation's tax-deductible overseas donations bank accounts, until such time as they are required to be disbursed to implementing Partner Organisations. Investments of surplus funds shall be in cash or cash equivalent, before sending tranches overseas, for use on donor-authorized (including, but not limited to, DFAT-authorized) activities. Donated funds shall be used only for their intended purpose, and shall not be used for other purposes.

Bank reconciliations

The Finance Manager shall –

- (a) Carry out bank reconciliations on a monthly basis (where practical) and collated quarterly, for reporting to the quarterly Board Meetings. They shall be reviewed and verified as accurate and complete by the Responsible Officer.
- (b) Promptly resolve the reconciliation of large and unusual amounts.
- (c) Ensure that the implementing Partner Organisations' bank reconciliations or copies of bank statements are requested from time to time to check unspent funds balances.

Interest earned on DFAT funds

The Finance Manager shall ensure that the following is implemented –

- (a) Partner Housing Australasia shall invest funds in bank accounts and bank term deposits that yield a known and declared interest rate, which is the maximum commensurate with prudent risk minimisation.
- (b) Where interest earned has to be estimated, the method of estimation and assumed rate shall be stated.
- (c) Partner Housing Australasia shall have a transparent method used for the calculation of interest earned for funds provided by donors (including, but not limited to DFAT) and its application and acquittal to the approved project activities.

Progress reporting

The Finance Manager shall ensure that the following is implemented –

- (a) Partner Housing Australasia shall monitor receipts of financial and narrative reports.
- (b) Partner Housing Australasia shall follow up overdue or outstanding reports.
- (c) Reports shall be examined by Partner Housing Australasia Regional Managers and queries arising from the reports followed up.

Acquittal consolidation

The Finance Manager shall ensure that the following is implemented –

- (a) The implementing Partner Organisation acquittal statements and Partner Housing Australasia's Australia-based costs shall be combined into a consolidated acquittal statement, based on the following.
- (b) Partner Housing Australasia shall ensure that the process for consolidating program activity costs and acquittals is transparent, including (if necessary) spreadsheets which show the relevant expenditure by line item and allow consolidation, thus providing transparency and an audit trail.
- (c) Partner Housing Australasia shall retain evidence that it has verified that the budget used in the implementing Partner Organisation acquittal is the most current approved/agreed budget.
- (d) Partner Housing Australasia shall scrutinise and follow up unusual expenditure variances from the agreed budget line item with the implementing Partner Organisation, for explanation before submitting the acquittal or the amalgamated acquittal (which includes Partner Housing Australasia acquittal expenditure) to a donor (including, but not limited to DFAT).

Acquittal reporting

The Finance Manager shall ensure that the following is implemented –

- (a) Partner Housing Australasia shall correctly disclose and provide an Acquittal Report for funds received from donors (including, but not limited to DFAT) for the reporting period concerned.
- (b) Acquittal Reporting shall show interest earned on program funds provided by donors (including, but not limited to DFAT), and applied to the activity for approved purposes under a revenue heading of 'interest earned' in the acquittal statement.
- (c) Acquittal Reporting shall show actual expenditure by line item against the agreed budget line items.
- (d) Acquittal Reporting shall provide explanations when line items exceed a 10% variation from the agreed budgets.
- (e) All acquittals are to be on an accrual reporting basis.
- (f) The wording of the acquittal certification to donors (including, but not limited to DFAT) shall be in accordance with the donor agreement and must be signed by a nominated Partner Housing Australasia Manager.
- (g) Unspent funds, interest and exchange rate gains remaining after the provision of the completion report shall be refunded to the donors (including, but not limited to DFAT).

Activity management documentation system

The Finance Manager shall ensure that the following is implemented –

- (a) Partner Housing Australasia shall ensure an adequate filing system for each program (and component project); including correspondence between donors (including, but not limited to DFAT) and Partner Housing Australasia; correspondence between Partner Housing Australasia and the implementing Partner Organisations; narrative and financial progress reports and monitoring visit reports; and contractual and other legal agreements.
- (b) Partner Housing Australasia shall have systems to track the provision of reports required under any contract or MOU.

Bookkeeping and Reporting Functions

The Finance Manager shall ensure that the following is implemented –

- (a) Partner Housing Australasia currently pays for a basic Xero accounting software licence. This is used by the Treasurer/Finance Manager for basic bookkeeping functions, it being compatible with the system used by the auditors.
- (b) As part of the ongoing monitoring / auditing role, the Responsible Personnel shall monitor the bank accounts of its partners.
- (c) To suit the requirements of ATO, ACFID and DFAT, the data shall be transferred from Xero to Excel to prepare –
 - PHA Annual Financial Statement,
 - PHA Annual Report.

Partner Housing Australasia Accounts

The Finance Manager shall ensure that the following is implemented –

- (a) Before 1 July of each year, shall assemble all relevant financial, accounting material, project information and governance material into an “Accounts and Projects” file for the particular year, as listed below.
- Special Purpose Financial Report
 - Annual Report
 - Accounts
 - Bank Statements
 - Receipts for Donations Received
 - Receipts for Donations Made
 - Cheque Requisitions
 - BAS Statements
 - Mortgage Statements & Details
 - Project Details – Ranongga Community Association (Solomon Islands)
 - Project Details – Vision for Homes (PNG)
 - Project Details – Additional Project
 - Project Details – Additional Project
 - Minutes - Annual General Meeting
 - Nominations & Proxies - Annual General Meeting
 - Minutes - Board Meetings
- (b) The draft Special Purpose Financial Report, draft Annual Report and draft Accounts shall be presented to the July Board Meeting for approval by the Board.
- (c) On obtaining Board approval, the complete file shall be presented to the Auditor for auditing.
- (d) Any further information requested by the Auditor shall be provided.
- (e) The final audited Special Purpose Financial Report, Annual Report and Accounts shall be presented to the December Board Meeting and December AGM for acceptance.
- (f) All completed relevant documentation shall be placed in the “Accounts and Projects” file for the particular year.
- (g) A new “Accounts and Projects” file for the next financial year shall be commenced.

VFH Accounts

The Finance Manager (in consultation with the CEO and Regional Manager) shall ensure that the following is implemented –

- (a) VFH holds an AGM each January or February, for the financial year ending on the previous 31 December. The Regional Manager (PNG) and CEO shall receive and retain a copy of the VFH AGM Minutes by end of March of that year, for reporting to Partner Housing Australasia's April board meeting.
- (b) The Regional Manager (PNG) and CEO shall receive and retain a copy of the VFH Annual Financial Statements by end of March of that year, for reporting to Partner Housing Australasia's April board meeting.
- (c) Each year, the Finance Manager shall assess the efficacy of the VFH Financial Statements and suggest any modifications that are required.
- (d) Each 31 May and 30 November, VFH should provide the Regional Manager (PNG) and CEO with progressive acquittals of recent and outstanding grants made by PHA. This may be achieved by one of the following methods –
 - Extracting the appropriate information from the VFH general accounts records.
OR
 - Creating a separate VFH Account for donations from PHA and PHA funding partners (e.g. perhaps Compass).

SRCA Accounts

The Finance Manager (in consultation with the CEO and Regional Manager) shall ensure that the following is implemented –

- (a) Assist SRCA account-keeping to prepare the –
 - SRCA Annual Financial Statement,
 - SRCA Annual Report,
 - SRCA AGM Business Papers, and
 - SRCA AGM Minutes.
- (b) SRCA shall hold an AGM each December or January, for the financial year ending on the previous 30 June. The Regional Manager (Solomon Islands), Finance Manager and CEO shall receive and retain a copy of the SRCA AGM minutes by end March of that year, for reporting to the Partner Housing Australasia April board meeting.
- (c) The Regional Manager (Solomon Islands), Finance Manager and CEO shall receive and retain a copy of the SRCA Annual Financial Statements by end March of that year, for reporting to the Partner Housing Australasia April board meeting.
- (d) Each year, the Finance Manager shall assess the efficacy of the SRCA Financial Statements and suggest any modifications that are required.
- (e) Each 31 May and 30 November, SRCA should provide the Regional Manager (Solomon Islands) and CEO with progressive acquittals of recent and outstanding grants made by PHA. This may be achieved by extracting the appropriate information from the SRCA general accounts records.

Compliance and Auditing

The Responsible Personnel shall implement the following:

- Initiate the required monitoring, evaluation and learning functions associated with this “Policies and Procedures” document.
- Initiate both internal and external auditing, consistent with ISO 9001 principles of the policies and procedures herein.
- Ensure that the compliance with the policies and procedures herein, and the associated internal and external audits, are recorded in the associated “Compliance and Audit Records” documents.

Training

The Responsible Personnel shall implement the following:

- Distribute a reference and link to this “Policies and Procedures” document to all Directors, Regional Managers and Partner Organisation Managers, and other personnel working on behalf of the organisation. (Partner Housing Australasia is a voluntary organisation and does not employ staff).
- Distribute a reference and link to the associated “Training” package. Request that all Directors, Regional Managers and Partner Organisation Managers use this to increase their awareness and understanding of these policies and procedures.
- Include a reference and link to this “Policies and Procedures” document in all Memoranda of Understanding with Partner Organisations.
- Table this “Policies and Procedures” document at the Annual General Meeting, for discussion and adoption.
- Review the training effectiveness at the February Board Meeting.