



Riding for the Disabled Association (NSW)

Financial Compliance Obligations and Guidelines

Background

As part of good financial management and the evolution of our Centres, we have developed the following financial compliance obligations and guidelines to help Centres understand their obligations to State Office.

The objectives are to provide:

1. Financial compliance obligations and guidelines;
2. An outline of a Centre's compliance obligations to and by head office and
3. An understanding of the RDA (NSW) Board's overall financial compliance obligations.

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Expenditure greater than \$5,000

Should a Centre expect to incur expenditure of more than \$5,000, RDA (NSW) Board approval is required. This applies to any expenditure where it is reasonable to expect that the total expenditure could be more than \$5,000 even though individual payments for the item or work are less than \$5,000. This includes, for example, the making of separate payments to various trades for the completion of certain works at or for the Centre or the purchase of an item via payment by way of instalments. It is the total expenditure for the item or works which needs to be taken into account. Email State Office on stateoffice@rdansw.org.au with your request.

Treasurer's report to all Centre meetings

A Treasurer's Report is to be provided to all Centre Meetings (Committee, Ordinary and General Meetings) and a copy of that report is to be sent to State Office with the Minutes of that Meeting.

Grants

For any grants exceeding \$5,000, a Centre is required to notify State Office upon written confirmation of a successful grant. Details to be provided include the:

- Amount;
- Period of time in which the grant is to be expensed;
- Name of the body providing; and
- Specific purpose of the grant.

For any NSW Sport and Recreation grant applications, RDA (NSW) is to be listed as the sponsoring body and the application can note that RDA (NSW) is a Company Limited by Guarantee.

Bequests

As bequests have legal obligations surrounding the use of the funds, a Centre is required to notify and provide State Office with copies of all documentation attached to any bequest. Copies of all subsequent correspondence between the parties handling the Estate (usually the solicitors for the Estate) and the Centre are also to be copied to State Office.

This notification is to be made as soon as possible after the Centre receives notification of the Centre being made a potential beneficiary under the Estate and as soon as possible after correspondence is received or sent by the Centre.

To ensure that State Office can efficiently record the details, a consistent naming convention should be used for each bequest, for example "Bequest by X" or "Estate of X" (where "X" is the name of the Testator).

The documents and information to be sent to State Office includes, but is not limited to, the following:

- Copies of all letters and other documentation received from the law firm or other person(s) administering the Estate from which the bequest is being made; and

- Copies of any emails or letters between a Centre or Centre committee member and either a representative of the Estate or the law firm administering the Estate.

Before any funds made under the bequest are expensed, written approval is to be provided by the RDA (NSW) Board of Directors. In seeking written approval from the Board of Directors, a Centre is required to provide the following details for each expenditure under the bequest

:

- ☐ The amount of funds proposed to be expensed;
- ☐ The timeframe in which the funds are proposed to be expensed;
- ☐ The name and the position of the person within the Centre who will be responsible for expensing the funds; and
- ☐ Copies of quotes (for any capital items a minimum of 3 quotes is required).

The Centre is to maintain a separate accounting record for each bequest, setting out the amount received, how the expenditure has been utilised and the balance remaining. As State Office will maintain a bequest register, a copy of the accounting record for a bequest is to be sent to State Office each time an entry is made in that record.

Gift Fund and Donation requirements

RDA (NSW) maintains a Gift Fund so long as we continue to be endorsed as a Deductible Gift Recipient by the Australian Taxation Office, or the Company is named as a DGR in ITAA 97 and is an ITEC (Income Tax Exempt Charity).

If a Centres issues a receipt for a gift (being of money or asset), the Centre must ensure that the receipt states:

- Name of the authority (RDA (NSW))
- The RDA (NSW) ABN; and
- That the receipt is for a gift.

If funds are raised for a specific purpose, it must be recorded as per below.

Rules applying to the Gift Fund

The following rules apply to any Gift Fund established and maintained by the Centre:

- a) The Gift Fund must have a name which readily identifies the purpose and nature of the gift.
- b) The Centre must maintain sufficient documents to provide evidence of the Gift Fund's purpose and operations;
- c) The Centre must separately record the gift amount within its accounts;
- d) The following must be credited to the Gift Fund:
 - i. All gifts of money or property to the Centre for the Principal Purpose; and
 - ii. All money or property received by the Centre because of those gifts;
- e) No other money or property may be credited to the Gift Fund; and
- f) The Centre must use any gifts, money or property of the kind referred to in clause (d) only for the principal purpose for which the money or property was gifted.

What happens on winding up or revocation of endorsement?

Any surplus assets of the Gift Fund must be transferred to another gift deductible fund, authority or institution on the earlier of either the:

- Fund, authority or institution being wound up
- DGR endorsement being revoked.

If your organisation operates a fund, authority or institution that is a registered charity, any surplus assets of the gift fund must be transferred to another charity (DGR fund, authority or institution) with similar charitable purposes.

Charitable Fundraising Act

As a registered fundraiser, RDA (NSW) is required to comply with the Charitable Fundraising Authority Conditions.

Centres are therefore required to also ensure that they comply with these Conditions.

The Conditions are listed as an on-line document only as Appendix A under the same name in the RAM.

Centres with questions are to contact the Finance Officer via State Office.

ACNC obligations

To meet ACNC obligations, Centres are to ensure that the:

- RDA (NSW) Standard Chart of Accounts is adopted and used; and
- The following are clearly stated in your accounts:
 - Grants
 - Gifts
 - Donations
 - Bequests
 - Share investments (if any)
 - Term Deposits
- Share portfolio movements are maintained and provided to RDA (NSW).

Audited Financial Statement

A Centre's audited financial statement for the 1 January to 31 December period is to be provided to stateoffice@rdansw.org.au to enable State Office to submit a bulk lodgement to the ACNC.

This is due as soon as it is completed and by no later than 30 March.

State Office Loans

A Centre must satisfy the following criteria to qualify for a loan from RDA (NSW):

- Accredited Centre only (not applicable to Provisional Centres or Steering Committees)
- Centre on RDA (NSW) owned, Council or Crown land only

- 5 years continuous operation as an Accredited Centre
- Regular RDA activity (minimum of once per week)
- Up to date reporting to RDA (NSW) with minutes, financial records, registration and accreditation fees, etc.
- Security of tenure of land ie. current lease/licence agreement.

To be considered for a loan from RDA (NSW), the applicant Centre must apply in writing to the RDA (NSW) Board, stating the purpose of the loan, provide a current Balance Sheet, Profit and Loss and Budget for the current calendar year, a plan outlining how the loan will be repaid and what other avenues the Centre has considered and action taken to secure the funds.

The Finance Committee will evaluate the application, make recommendations to the Board and will at a minimum take the following into consideration:

- a) The Centre's financial viability;
- b) The Centre's ability to make repayments;
- c) The impact on the RDA (NSW) finances, should the loan be granted;
- d) The loan's purpose;
- e) What other avenues the Centre has considered;
- f) The pros and cons / recovery of asset or depreciable value.

State Office reserves the right to request additional information at any time in relation to the loan, even after the loan has been approved.

If a loan is approved, the following conditions will apply:

- An interest rate shall be charged equivalent to the rate being achieved by RDA (NSW)'s term deposit from time to time
- Regular repayments over the period as per the approved loan payment schedule (amortization schedule)
- Signed loan agreement being entered into by RDA (NSW) and the Management of the Centre.
- A report is to be written to the State Office each six months from the date of approval of the loan, containing details of the expenditure of the monies as per the loan policy. This report is to detail expenditure to date, how that expenditure compares to the loan application, what is planned for the next six months and any other information which would be reasonably considered to be necessary for RDA (NSW) to be aware of in relation to the loan.

The Finance Committee will monitor loan repayments and provide reports to the Board of Directors.

From the time that an application is received and acknowledged by RDA (NSW), a Centre can expect a response within six weeks after the date on which the application is acknowledged or, if RDA (NSW) requests further information in relation to that loan, within six weeks after that requested information is supplied by the Centre.

Guidelines for investment activity

This includes any type of investment and focuses primarily on share investing, bank accounts and term deposits.

While a Centre may wish to engage the services of a registered and licensed fund manager, it is recommended that a Centre ensures that the registered and licensed fund manager has the requisite experience in 'share investing'.

Centres should be mindful that this service may come at an additional cost to the Centre.

The guidelines are:

Over-arching investment requirements:

1. A Centre wishing to invest is not to borrow funds, whether for the purposes of investing in shares or for any other purpose.
2. Any Centre which owes money in respect to borrowings is required to repay that debt in full before investing.
3. A Centre is not permitted to invest funds which, based on a realistic and committee approved budget, are likely to be required for operational purposes within the following 18 months.
4. Centres are expected to utilise Bonus Saver accounts and the equivalent to maximise returns where short-term cash reserves allow.
5. While term deposits are the preferred RDA (NSW) investment strategy, RDA (NSW) recognises that economic conditions require a broader investment strategy.

Share investment

6. Written approval of the RDA (NSW) Board is required before a Centre can begin investing in shares.
7. Provisional Centres and Steering Committees are not allowed to invest in shares.
8. Any Centre which intends to invest in shares must first seek the written approval of the RDA (NSW) Finance Officer and the Executive of that Centre must give an undertaking that the Centre will, at all times, comply with all of the provisions of these guidelines. "Shares" can include other listed securities such as interest or dividend bearing investments issued by a company in which investments are permitted under these Guidelines.
9. Share investing can only be undertaken via the RDA (NSW) bank of the time. Should a registered and licenced fund manager recommend investment through another platform, the Centre is to seek written approval from the RDA (NSW) Board.

10. A Centre may only invest in "blue chip" shares which are listed on the Australian Stock Exchange.
11. A Centre may not invest in derivatives, regardless of the underlying shares involved.
12. A Centre is not permitted to invest more than 30% of its available funds in shares, even it is envisaged that funds in excess of this amount will not be needed for more than 18 months.
13. If a Centre's investment in shares exceeds 30% of its available funds as a result of unexpected and unbudgeted expenditure, the Centre would need to consider disposing of some of its share investments unless, on the basis of a reasonable and committee approved budget, such excess appears to be a temporary situation and available funds will increase within 60 days to a level which will render the investment in shares below the 30% maximum amount.
14. Of the funds that a Centre is permitted to invest in shares, that Centre is not permitted to invest more than 25% of that sum in any one entity's shares or other listed issued securities.
15. In the event that, after the shares are acquired, the value of the shares has increased to a level where, as a result of that increase, the investment in shares exceeds the permitted limits under these guidelines, it will not be necessary for the Centre to divest itself of shares solely for the purposes of keeping below the investment limits, however no further share purchases will be permitted.
16. While investing in shares is permitted under these Guidelines, any activities which can reasonably be considered to be in the nature of share trading is NOT permitted.

Any Centre which intends to invest in shares and does not have a Member who is registered and licensed in investment in shares, is expected to seek professional advice or assistance on the choice of shares.