



Central Highlands Association of Neighbourhood Houses

Reserve Fund Policy

Document Control

Policy Title:	Reserve Fund		
Policy Number:	FIN004	Version Number:	1b*
Date Ratified:	22.08.2019	Review Date:	August 2020

** Policy reformatted January 2021, no content changes made*

Relevant standards, legislation and other documents:

•

Definitions:	
CHANH	Central Highlands Association of Neighbourhood Houses
DHHS	Department of Health and Human Services
Members	Neighbourhood Houses (represented by managers and committees of management) funded by DHHS within the Central Highlands area
CoM	Individuals representing member houses in CHANH Committee of Management
Staff	Any person employed by CHANH or volunteering at CHANH
Executive Team	CHANH President, Vice President, Treasurer and Secretary

Policy Declaration

As part of our commitment and accountability to our members CHANH maintains a Reserve Fund to ensure our organisation can meet our financial commitments into the

Central Highlands Association of Neighbourhood Houses

C/- Ballarat Neighbourhood Centre, PO Box 540W, Ballarat West, 3350
0401 769 101 | networker@chanh.org.au | chanh.org.au
ABN 96 376 374 241

future. Where funds are available beyond the identified reserve needs these are spent in the best interest of our member organisations.

Purpose:

This policy defines the purpose of the Reserve Funds held by CHANH.

Owner:

This policy is the responsibility of the Executive Team and must be ratified by the CoM.

Application:

This policy directs the actions of the Treasurer, Bookkeeper and management of the CHANH funds.

Policy Rationale

CHANH holds a reserve fund to meet the organisation’s financial commitments to ensure all requirements are met in event of changing funding situations, unforeseen financial burden or ceasing operations.

Procedures

Roll Over Subsidy Funds

As per our Conference and Training Subsidy Policy our member houses can roll over their allocated subsidy for one year to be able to access and accumulate funds for training and conference purposes. Houses will be required to apply for Roll Over Subsidy from year to year. This amount will be calculated at the end of financial year and held in reserve as an expense named ‘Roll Over Subsidy’ in the Budget for the following year.

No member house can accumulate more than one year’s subsidy. Unclaimed subsidies will be removed from the fund each year and transferred to retained earnings.

Contingency Funds

CHANH holds a ‘Contingency Fund’ of three months operating costs as a Liability in the Annual Budget. The Contingency Fund is calculated from year to year and set by the Executive Team as part of the Annual Budget Development. This amount can only be accessed in the event that the organisation ceases operations and is to be used to close out all debts of the organisation or in the case of changing funding arrangements or other, unforeseen, financial burdens which jeopardise the solvency of the association. .

Accumulated Reserve Fund

Reserve Funds Policy

Version: 1 Date: 22.08.2019

CHANH may reserve a portion of annual income for saving from year to year as an 'Accumulated Reserve Fund' as a liability in the Annual Budget. This Accumulated Reserve must be identified and ratified by the CHANH CoM, noted in the minutes and an Accumulated Reserve Plan documented, including;

- Goal (eg purchase of equipment, specific project, strategic objective)
- Purpose of Accumulated Reserve Plan Goal
- Date ratified
- Total amount of funds to be accumulated
- Number of years the funds are to be reserved for
- Amount of funds to be reserved each year to meet total
- Timeline for accumulation of funds and/or spending
- Be signed by two Executive Officers

The Accumulated Reserve Plan should accompany the Annual Budget for the period of time it is active.

Spending Plan

Where CHANH is in the position of having excess funds beyond the amounts required to be held for the Roll Over Subsidy, Contingency Fund and Accumulated Reserve Fund, the Executive Team will recommend a Spending Plan. This Spending Plan must be to benefit member houses for the remaining amount. A Spending Plan must include:

- Goal (eg purchase of equipment, specific project, strategic objective)
- Purpose of Spending Plan
- Date ratified
- Total amount of funds to be spent
- Number of years the spending plan will be active
- Amount of funds to be spent each year to meet total
- Timeline for spending
- Be signed by two Executive Officers

A Spending Plan must be ratified by the CHANH CoM, noted in the minutes to be valid and accompany the Annual Budget for the period of time it is active.

Related Organisational Policies and Procedures:

- Financial Management Policy
- Induction Policy

Responsibilities

Executive Team:

Reserve Funds Policy

Version: 1 Date: 22.08.2019

- To implement policy and address any issues or arising concerns.
- To ensure policy is available to all members and staff.

Members:

- To follow policy where applicable to them.
- To notify Executive Team of any issues or concerns in relation to policy.

Staff:

- To follow policy as appropriate.
- To notify Executive Team of any issues or concerns in relation to policy.

Breach of Policy

A breach of this policy may result in disciplinary action up to and including termination of employment.