



FMP02	Finance Policy	06/2018
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Version Control	
V3	02/2018

Purpose

The purpose of this Policy is to ensure that World Urban Parks has appropriate practices and controls in place to ensure it can achieve its financial objectives, legal responsibilities and Corporate Vision.

This Policy will be further developed over time and will need to be considered in relationship to other Governance and Financial Policies of the Board.

Regular Bank Transfers for Secretariat and CEO Services:

- Due to variations in exchange rates during payment processing, has caused delays and uncertainty regarding payments and value. Establishing a "fixed Rate" arrangement for the upcoming financial year based on the average of the previous calendar year, would enable us to establish the budget for coming financial year (with certainty) and would provide administrative certainty in a processing sense as well as certainty for ARPA and CEO in regard to payments.
- We would review this if the actual rate varies by + or - 10% from the fixed rate. The Governance Portfolio would oversee the management of this policy.

Financial Policy – Fixed Exchange Rates:

- *Establish a fixed exchange rate for payment of Secretariat Services for each Financial Year based on the average exchange rate for the previous Calendar Year.*
- *Establish a fixed exchange rate for payment of CEO Services for each Financial Year based on the previous Calendar Year.*
- *These Fixed Exchange Rates will be sourced from WUP Bank and approved by the Governance Portfolio*

Invoices

Aged Debtor Issues:

- There has been an accounting issue that has caused a range of problems with the management of Aged Debtors. It is proposed that when "Invoices" are sent out that they are raised as "Draft Invoices" in the accounting system and are only changed to "Invoice" once payment has been made. This approach will hopefully ensure the financial statements are more accurate and reflective of the possible cash position. This doesn't address the existing Bad Debtor items in the

existing accounts. Invoices will still be issued to members as standard “Invoices” and not draft invoices.

Financial Policy – Invoices:

- *Issue all Membership Invoices as Draft in the Financial System and only finalise the Invoice once payment has been received.*
- *Maintain a “Draft Invoice Register” and to be reconciled on a monthly basis with the Financial reports*
- *Invoices issued externally (to Members) will be marked as “Final invoice for payment”*

Bad Debt

Principles of Bad Debt Management

- If an invoice is not paid within 90 days, it will be considered as a Bad Debt.
- If at any stage a member clearly states that they don't wish to remain a member, the Bad Debt will be written-off
- Debts greater than 90 days and:
 - in the *Individual Membership Category* may be written off, dependent on circumstances.
 - in the *first two Organisational Membership Category* will be pursued via follow-ups each fortnight through the Membership Portfolio and Regional Chair and then maybe written off, dependent on circumstances
 - in *all other Membership Categories* will be pursued via follow-ups each fortnight through the Chair, CEO and Regional Chair and then maybe written off, dependent on circumstances
- A bad debt provision will be calculated at the year-end to be posted to the financial statements based on the following calculation:
 - Any debts over 120 days – 50%
 - Any debts over 150 days – 75%
 - Any debts over 180 days – 100%
- These threshold amounts will be reviewed regularly to ensure they reflect the natural cycle of debt management processes and are relevant to the World Urban Parks business model.

Year-end procedures for write-off

- During the financial year once it is established that debts are likely to be irrecoverable or uneconomic to pursue further the debt will be recommended for write-off.
- A final year-end report will be prepared for the Governance Portfolio and Audit program detailing all debts written off during the year and any outstanding items requiring approval for that financial year.
- A report will be provided to the Governance Portfolio when and if a Bad Debt is written off.

Writing off debt

- The delegated authority limits for the writing off of bad debts are:

- The CEO can write off Bad Debts in the Individual Membership Category if all the requirements of the Policy are met.
- The Governance Portfolio can off all Bad Debts if all the requirements of the Policy are met.

Authorised:	By Board on
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