

## D.05 Incoming Monies

### 1.0 INTRODUCTION/BACKGROUND

Mercy Services receives in order to further Mercy Services objectives. Funds can come as electronic funds transfer, cheque and/or cash and from a variety of sources:

- Grants from Government departments and other bodies (e.g., trusts, foundations)
- Fees charged to clients for services
- Donations
- Fundraising activities

The Mercy Services Board is committed to ensuring that all income is accounted for transparently and ethically. It is essential that high quality mechanisms are in place to oversee various revenue streams.

### 2.0 SCOPE

This Policy relates to funds received by Mercy Services and applies to all personnel who handle funds.

### 3.0 POLICY STATEMENT

Mercy Services has proper controls over incoming monies in order to determine budget, forecasting, reconciliations, accounts receivable management, acquittal for Government and other grants and general oversight over revenue streams.

The General Manager is responsible for ensuring that:

- a) all funds for services performed are collected; and
- b) proper controls exist over all receipts.

The Senior Officer, Finance and Administration is responsible for:

- a) processing all income
- b) ensuring GST compliance
- c) the preparation, reconciliation and conduct of daily banking
- d) preparation and provision of receipts to donors as required/ requested
- e) managing the administration of accounts receivable
- f) monthly distribution of statements
- g) follow up as required.

### 4.0 PROCEDURES

#### 4.01 Invoicing

When goods or services are sold by Mercy Services, the accounts staff will be told: what has been or will be provided, the date of provision, purchaser details, the price of the goods or services and the accounts office will generate a valid tax invoice and forward it to the debtor.

#### 4.02 Receiving donations

The Senior Officer, Finance and Administration will ensure that all donations of money are receipted, regardless of whether the donor wants a receipt. If appropriate a thank you letter may also be sent to the donor.

All donations must be brought to the Senior Officer, Finance and Administration as soon as possible so it may be deposited in the bank account specific to this purpose.

Donations of goods will be receipted at the donor's request, providing the original receipt for the goods purchased is also provided.

#### 4.03 Fundraising income

All income from fundraising events must be receipted. Petty cash or similar must be used to cover fundraising expenses rather than using money raised on the day. See D.02 Fundraising Policy for more details.

#### 4.04 Receiving fees

##### a. Day Centre and Centre Based lunch Fees

Monies paid to Day Centre Co-ordinator for transport, meals or activities are collected daily from clients and counted by Day Centre Co-ordinator. Each client is given a receipt and monies paid by clients are recorded next to their names in the Roll Book. A total of monies collected, once checked, are handed over to an Administrative Assistant by the Day Centre Co-ordinator. The Administrative Assistant counts the money preferably in the presence of Day Centre Co-ordinator and they both sign a handover receipt stating how much money was handed over.

##### b. Third Party Payments

Cheques received for services rendered from Private Health Funds, Department of Veterans' Affairs, and other sources are entered on a receipt. Funds are recorded in the Cash Draw, against the corresponding Sale or received money and banked each day. The Senior Officer, Finance and Administration at the end of the month will reconcile all bank accounts.

##### c. Community Transport

Drivers are to bring in run sheet with total money listed on the bottom of run sheet. Money should preferably be counted with driver present and a tally written on the bottom of the sheet showing:

- a) Number of cheques and total
- b) Total of cash
- c) Overall total.

Driver and person receiving money then sign bottom of sheet. A receipt is then written from the banking receipt book and the original is stapled to the run sheet.

If no-one is available to take the money the driver will deposit it in the drop safe at West Wallsend office. When using the drop safe the driver must ensure they have signed next to the total figure on the bottom of the run sheet and placed the run sheet in the tray next to the drop safe. On the deposit

envelope the driver must write the date, vehicle registration, any relevant run details, the total amount of money and their signature.

#### d. Food Service Deliveries

The Coordinator will write up orders and the amount to be collected ready for delivery. Any prepaid or invoiced orders are to be marked as such. The Coordinator will obtain float money from petty cash.

Before leaving with deliveries the volunteers will obtain a float of money from the Coordinator. The volunteer will also take a receipt book to record money received from clients (two receipt books will be kept – one for each run).

Money received from client will be counted in their presence and a receipt issued immediately (regardless of whether the client wants a receipt). The client will be offered the original receipt.

After delivery of orders, the person making deliveries will:

- a. check off orders delivered in the book;
- b. write the receipt number against the order;
- c. note any alterations in the order book e.g., “client to pay next week”;
- d. carry over any notations to the next weeks orders; and
- e. reconcile money (how much was receipted versus total value of orders delivered with an explanation if these amounts are not the same)
- f. sign their reconciliation of the monies.

ANY order not receipted needs to have an explanation as to why it was not delivered or why there is no payment for the order, these will then need to be signed off by the relevant Coordinator.

Monies collected and the remaining float money are then given to the Coordinator (or nominee). The Coordinator, in the presence of the volunteer, will count the money and sign these off as having been received on the last page of the Meals receipt book and the reconciliation in the relevant order book. The money from each run will be kept separate until it is banked.

The Coordinator (or nominee) gives the money to the administration staff member responsible for banking who will count the money, preferably in presence of the Coordinator. A receipt is then written for each run in the main banking receipt book and the original is stapled into the receipt book of the person making the deliveries enclosing all the receipts balanced for that day. The receipt number should be written in the order book at the bottom of the reconciliation.

Collected monies should not be used for Petty Cash items, however if this is unavoidable Petty Cash reimbursements **must be done before money is handed in for banking.** Don't forget you will need a tax invoice (receipt) to be able to claim Petty Cash.

**AT NO TIME** may any receipt be altered. If you make a mistake cross the receipt with the word CANCELLED and write a new receipt. The correct receipt is stapled into receipt book of person making delivery and the cancelled receipt is stapled to the delivery sheet.

Once all receipts are noted in the order book, it should be photocopied and sent to Tighes Hill each week with the banking sheet.

e. Linen Service Deliveries

Drivers may collect cash or cheques from clients of the Linen Service. The driver will hand monies to the Linen Coordinator upon return to West Wallsend, the Coordinator then will receipt the driver. Payment and remittance advice (if provided) is then placed in a sealed yellow envelope with the client details and invoice number detailed on the front. Coordinator will email Tighes Hill Administration advising of the client payment details to be reconciled to the appropriate invoice number. The envelope, along with a copy of the email, is given to the Coordinator Community Transport who will acknowledge receipt of this money on the email copy.

f. Fees/donations from other Mercy Services services/activities

Money is to be counted in the presence of person handing in money. A receipt is then written from the banking receipt book and the original should then be stapled into receipt book of person handing in money enclosing those receipts balanced.

If money is for payment of invoice then the invoice number needs to be written on the receipt and a list of these sent to Tighes Hill with the banking sheet weekly.

**AT NO TIME** may any receipt be altered. If you make a mistake cross the receipt with the word CANCELLED and write a new receipt. The cancelled receipt and the correct one should then be stapled to the run sheet for transport, or in the case of other services the correct receipt is stapled into their book and the cancelled one is sent to Tighes Hill with the weekly banking sheet.

#### **4.05 Sitting Fees**

Mercy Services board member and staff roles may include representing Mercy Services on external committees and/or in various consultative forums, for which a sitting fee may be paid. If the requirement is during business hours, staff are to request that the sitting fee be paid directly to Mercy Services, and board members need to consider the appropriateness of sitting as an Mercy Services representative.

Where the board member or staff member is representing Mercy Services on the committee or forum, payment of sitting fees is processed through Mercy Services. Board members and staff are required to notify the Senior Officer, Finance and Administration of the details relating to the sitting fees so that a tax invoice can be raised.

Where a board or staff member seeks payment of a sitting fee to them personally, and Mercy Services has raised the original tax invoice, for GST purposes they are required to provide an Australian Business Number (ABN). If no ABN is provided, it is necessary for Mercy Services to withhold 48% of the payment under the withholding tax legislation. Sitting fees paid to board members will be declared in the Mercy Services annual report. If the sitting fee is paid to Mercy Services, the

Board or staff member can claim reimbursement of out of pocket expenses related to sitting on the committee or consultative forum. However, if the sitting fee is paid to the individual directly (Mercy Services does not raise a tax invoice) out of pocket expenses cannot be claimed.

#### 4.06 Accounts Receivable System

The Accounts Receivable System encompasses the recording, collection and reporting of monies owed to Mercy Services by its debtors.

##### Accounts Receivable

Mercy Services may sell a range of goods and services including:

- a) advertising in Mercy Services Newsletter and on the Mercy Services website,
- b) surplus equipment/assets
- c) hire of meeting rooms and equipment,
- d) Mercy Services publications and/or resources
- e) Function/conference registration
- f) intellectual property
- g) client related goods and services

##### The Accounts Receivable System

- a) a product or service is sold by Mercy Services
- b) relevant information sent to accounts office
- c) valid tax invoices are generated
- d) funds are credited to the specified ledger account at the time when the invoice is raised;
- e) the invoice is forwarded to the debtor
- f) payment from the debtor is received
- g) the payment is identified and recorded
- h) a receipt is issued
- i) the debtor record reflects current receipting transactions;
- j) Outstanding Invoices:
  - a. Monthly statements of outstanding invoices are produced and distributed to the General Manager detailing all amounts currently outstanding and the original amount of the invoice. ;
  - b. Reminder letter sent to the debtor when an invoice is four weeks overdue;
  - c. Letter of demand sent at eight weeks overdue;
  - d. Once an invoice is twelve weeks overdue, submission to a debt collection agency is considered after consultation with the General Manager

#### 4.07 Revenue Collection and Security

Monies received should be kept in approved cash tins/safe in a secure office space during normal working hours. Outside normal working hours, all monies on hand are to be locked in a safe.

Tighes Hill receipts are entered directly into MYOB. Other offices will have a spreadsheet set up to prepare each banking, showing the date, receipt number and amount of receipt. **NO** receipt numbers are to be missed, if there is a cancelled receipt include it on the list with the word cancelled next to it.

This sheet is tallied at the end of each period and **MUST** agree with the amount to be banked, then sheet is signed and dated at the bottom. The sheet is sent to the main Administration/Accounts office (Tighes Hill) each week and other offices should maintain the electronic copy (if not a copy of the signed paper version).

Any discrepancies are to be immediately brought to the attention of the relevant Coordinator (in their absence the Senior Officer, Finance and Administration (Tighes Hill) must be informed).

This sheet along with all run sheets, and any information for other services attached **MUST BE** sent to Tighes Hill weekly after banking done.

Overall arrangements covering the collection and security of Mercy Services income are the responsibility of the General Manager through the Senior Officer, Finance and Administration.

#### 4.08 Bank Deposits

All monies received by Mercy Services are to be banked during the next bank working day, where practicable. Large amounts of money are to be banked on the day they are received. Administration officers responsible for the banking of monies are to be competent in the relevant Safe Work Practice.

All monies are to be banked intact, without any deduction being made from amounts received. Personal cheques must not be cashed from monies received.

Any discrepancy in monies collected or banked is to be reported immediately to the General Manager.

#### 4.09 Cancelling Receipts

Any cancelled receipt must be accompanied by an explanatory comment. This comment should give a valid reason why the receipt was cancelled and, if a replacement receipt is issued, the receipt number of the replacement.

Some examples of valid reasons to be used are:

- "payment by chq not cash - replaced by receipt # 1234"
- "incorrect amount - replaced by receipt # 1234"
- "incorrect payer - replaced by receipt # 1234"
- "incorrect cheque details - replaced by receipt # 1234"

The above examples assume that the replacement receipt is issued prior to the cancellation of the incorrect receipt. This then facilitates the management trail of correction and reissue of the receipt.

If a deposit listing is run on the same day as receipts are cancelled, the cancelled receipts are detailed on the bottom of the deposit listing. This should be reviewed and authorised by the Senior Officer, Finance and Administration as valid.

## 5.0 REFERENCES

<b>1. Australian Standards</b>	a) nil
<b>2. Legislation</b>	a) Annual Holidays Act 1944 (NSW) & Long Service Leave Act 1985 (NSW) b) Corporations Act 2001 (Cth) c) Fringe Benefits Tax Act 1994 (Cth) d) Goods and Services Tax 2000 (Cth) e) Income Tax Assessment Act 1997 (Cth) f) Industrial Relations Act 1996 (NSW) g) Privacy Act 1988 (Cth) & Privacy and Personal Information Protection Act 1998 (NSW) & Health Records and Information Privacy Act 2002 (NSW) h) Superannuation Guarantee Act 1992 (Cth) i) Trade Practices Act 1974 (Cth)
<b>3. Professional guidelines</b>	a) nil
<b>4. Codes of Practice</b>	a) nil
<b>5. Codes of Ethics</b>	a) nil
<b>6. Evidence</b>	a) ATO <u>GST for Small Business</u> NAT 3014-07.2009 <a href="http://www.ato.gov.au/content/downloads/bus20724nat3014072009.pdf">http://www.ato.gov.au/content/downloads/bus20724nat3014072009.pdf</a>
<b>7. Mercy Services Values</b>	a) Justice, Respect, Care, Unity, Service

**6.0 OTHER RELATED POLICIES AND PROCEDURES**

- C.01 Management Roles and Responsibilities
- D.01 Budget Planning
- D.02 Fundraising
- D.03 Investment Planning
- D.04 Payments
- D.06 Petty cash
- D.07 Asset purchase and maintenance
- D.08 Vehicle Management
- D.09 Use of Facilities & Equipment Policy
- D.10 Security
- D.11 Insurance
- D.12 Anti Fraud and Anti Corruption
- D.14 Document Management
- E.04 Client fees

**7.0 RELATIONSHIP WITH STANDARDS**

<b>Community Care Common Standards</b>	<b>Disability Standards</b>	<b>EQUIP Standards</b>
1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 2.2, 2.3, 2.4, 3.1, 3.2, 3.3	4.1.a, 8.5, 8.10,8.11	2.1.2, 2.3.2,3.1.2,

**8.0 DOCUMENT CHANGES RECORD**

<b>Dates of change</b>	<b>Section altered</b>	<b>Natures of changes made</b>
01/09/2006	04 Funding Agreements	First record of Policy

	08 Financial Management	
10/02/2010	All sections	Major re-write
25/02/2010	4.04.e	Add Linen Service fee collection procedure
23/03/2011	7.0 Relationship to Standards	Replace HACCC Standards and CACP Standards with Community Care Common Standards and update to EQulP 5 Standards
21/11/2012	All Sections	Organisation name updated
Review due 21/11/2015		



**APPENDIX 1: OVERVIEW OF INCOME MANAGEMENT PROCESS**

