

Finance Manual

1. INTRODUCTION

1.1 Purpose of this Manual

The purpose of this Finance Manual is to provide LiteHaus International Ltd ("LiteHaus International") with a clear and comprehensive framework for sound financial management and accountability. It establishes the policies, principles, and procedures that ensure funds are managed with integrity, transparency, and in accordance with applicable laws, regulations, donor requirements, and best practice standards.

This Manual is a key governance document, designed to support LiteHaus International's commitment to:

- Stewardship of financial resources in alignment with its charitable purpose and mission.
- Accountability to stakeholders, including donors, partners, beneficiaries, regulators, and the Australian Government.
- Prevention of financial wrongdoing, including fraud, corruption, and the financing of terrorism.
- Compliance with the Department of Foreign Affairs and Trade (DFAT) Accreditation standards and the Australian Council for International Development (ACFID) Code of Conduct.

1.2 Scope and Applicability

This Finance Manual applies to all LiteHaus International personnel, including:

- Board Directors
- Executive Leadership Team
- Employees
- Volunteers
- Contractors and consultants
- Project partners (as applicable to partnership financial management clauses)

The Manual governs the financial activities of LiteHaus International in all locations where it operates, including Australia and internationally.

Where LiteHaus International funds or resources are managed by implementing partners, this Manual will inform partnership agreements and due diligence requirements to ensure alignment with LiteHaus International's financial standards.

1.3 Governance and Ownership

Ultimate responsibility for LiteHaus International's financial governance rests with the Board of Directors. The Board delegates day-to-day financial management to the Chief Executive Officer (CEO) and, by further delegation, to the senior management team and finance personnel.

The Finance Manual is owned by the CEO (or delegate) who is responsible for:

- Ensuring the manual reflects current legislation, regulatory requirements, and good practice.

- Reviewing the Manual on an annual basis or more frequently where significant changes occur.
- Presenting material changes to the Board for approval.

All LiteHaus International personnel are required to be familiar with the relevant sections of this Manual and to apply its provisions in all financial transactions and decisions.

1.4 Review and Continuous Improvement

This Manual will be reviewed at least annually by the Board through its Policy & Risk Committee to:

- Incorporate changes to legislative, regulatory, and donor requirements.
- Reflect organisational learning, audit findings, and risk assessments.
- Ensure it remains fit-for-purpose and aligned with DFAT Accreditation standards.

Proposed updates will be documented, reviewed by the CEO and Executive Leadership Team, and submitted to the Board for endorsement. The latest version of this Manual will be communicated to all relevant personnel and made available on LiteHaus International's internal document management system.

2. GOVERNANCE & OVERSIGHT

2.1 Organisational Governance Structure

LiteHaus International Ltd is governed by a non-executive Board of Directors, which holds ultimate accountability for the organisation's financial integrity and stewardship of resources. The Board exercises oversight through:

- Approving annual budgets and financial policies.
- Reviewing and endorsing annual financial statements and audit reports.
- Monitoring organisational and financial performance, including financial risks.
- Meeting at least five times annually to fulfil these responsibilities.

To enhance the effectiveness of its financial oversight, the Board has established an Audit & Finance Committee (AFC) as a sub-committee with delegated responsibility to provide detailed scrutiny of LiteHaus International's financial management and reporting.

2.2 Audit & Finance Committee (AFC)

The AFC plays a critical role in supporting the Board's fiduciary responsibilities and strengthening LiteHaus International's financial governance framework. The AFC:

- Meets prior to each scheduled Board meeting to review management accounts and other key financial documents.
- Reviews financial statements for accuracy, completeness, and compliance with applicable standards and donor requirements.
- Reviews budget performance, including variance analysis and financial forecasts.
- Monitors organisational compliance with relevant financial policies and regulatory obligations.
- Oversees the annual audit process, including liaising with external auditors and reviewing audit findings.
- Provides recommendations to the full Board regarding financial matters, based on its reviews.

The AFC operates under a Board-approved Terms of Reference which define its scope, authority, and membership. The AFC does not replace the accountability of the Board but enhances it by providing focused review of financial matters.

2.3 Delegations of Authority

Financial decision-making at LiteHaus International is governed by the Delegations of Authority framework, which defines approval limits and roles across key financial activities. This ensures:

- Board oversight of significant financial decisions, such as approving annual budgets and material expenditure outside of budget parameters.
- AFC scrutiny of management accounts, budget performance, and audit processes, in preparation for full Board review.

- CEO accountability for daily financial management, including authorisation of operational payments and oversight of financial reporting.
- Staff participation in routine financial processes, within pre-approved expenditure thresholds.

A summary of key delegation principles includes:

Function	Board	AFC	CEO	Staff
Approve annual budgets	Accountable (A)	Consulted (C)	Consulted (C)	Not applicable
Approve material budget reallocations or expenditure outside of budget	Accountable (A)	Consulted (C)	Responsible (R) (within limits)	Not applicable
Approve operational payments (within budget)	Informed (I)	Informed (I)	Accountable (A)	Responsible (R) / Informed (I) (based on value thresholds)
Oversight of budget execution and variance monitoring	Accountable (A)	Responsible (R)	Responsible (R)	Responsible (R)
Approve financial statements and annual audit reports	Accountable (A)	Responsible (R)	Consulted (C)	Not applicable

(Refer to Appendix A — Delegations of Authority Document for detailed limits and authorities.)

2.4 Roles and Responsibilities

Board of Directors

- Holds ultimate fiduciary responsibility.
- Approves financial policies, budgets, and audited financial statements.
- Receives recommendations from the AFC and makes final determinations.
- Reviews financial performance and risk through quarterly/bi-monthly reporting.

Audit & Finance Committee (AFC)

- Provides detailed review of financial performance and compliance.
- Oversees audit processes and liaises with external auditors.
- Reviews and challenges management on financial forecasts, controls, and risks.
- Makes recommendations to the Board on financial matters.

Chief Executive Officer (CEO)

- Holds delegated responsibility for organisational financial management.
- Oversees budget preparation, monitoring, and execution.

- Authorises operational expenditure within Board-approved delegations.
- Reports regularly to the AFC and Board on financial matters.

Staff

- Responsible for following financial procedures and approval limits.
- May approve lower-value transactions within defined thresholds.
- Report to the CEO on financial matters.

2.5 Oversight of Financial Performance

LiteHaus International maintains a regular financial oversight cycle comprising:

- Monthly preparation of management accounts by the CEO and finance staff. These accounts include:
 - Profit & Loss Statement of YTD
 - Balance Sheet
 - Cash Summary of two previous completed months
 - Budget Variance Report – quarterly and annual view
 - Fundraising Progress Report
- Review by the Audit & Finance Committee prior to each Board meeting, to assess accuracy, performance, and compliance.
- Review and endorsement by the full Board, informed by AFC recommendations.
- Board approval of the annual financial statements and audit findings.

2.6 Compliance and Continuous Improvement

The governance and oversight arrangements will be subject to ongoing review to ensure:

- Compliance with applicable laws, regulations, DFAT Accreditation standards, and donor requirements.
- Integration of lessons from audits, external reviews, and operational experience.
- Ongoing suitability and effectiveness of the Delegations of Authority and Board Committees.

Proposed updates to this Manual and related governance policies will be approved by the Board on recommendation from the CEO and the AFC.

3. FINANCIAL PLANNING & BUDGETING

3.1 Purpose and Objectives

Effective financial planning and budgeting are essential to LiteHaus International's ability to deliver on its mission, achieve financial sustainability, and meet obligations to donors.

This section sets out how LiteHaus International prepares, reviews, approves and monitors budgets, in alignment with the organisation's financial delegations, governance structure and reporting obligations.

3.2 Financial Year

LiteHaus International operates on a calendar year financial year, commencing on 1 January and ending on 31 December annually.

3.3 Annual Budget Development and Approval

The annual budget process is designed to ensure that LiteHaus International has a realistic and comprehensive financial plan in place before each new financial year. The process is as follows:

a) Draft Budget Preparation

- The CEO, with input from senior management and project leads, prepares a draft budget based on organisational plans, project pipeline, revenue projections, and operating needs.
- Project-specific budgets are tracked using Xero Project Tracking and are integrated into the consolidated organisational budget.

b) Review by Audit & Finance Committee (AFC)

- The draft budget is submitted to the AFC prior to the second last Board meeting of the year.
- The AFC reviews the draft budget to ensure that it is realistic, consistent with organisational priorities, and financially responsible.

c) Board Review and Feedback

- The draft budget, with AFC recommendations, is tabled for consideration by the Board of Directors at the second last meeting of the year.
- The Board provides feedback and requests any necessary revisions.

d) Finalisation and Approval

- A revised budget, incorporating Board feedback, is presented at the final Board meeting of the year.
- The Board approves the budget in principle prior to 31 December.
- Any minor adjustments are finalised through flying minute resolution prior to the start of the financial year.

3.4 Budget Monitoring and Reporting

Budget performance is monitored continuously throughout the year to ensure LiteHaus International remains financially accountable and responsive.

a) Monthly Management Accounts

- a. The CEO and Finance staff prepare monthly management accounts, which include a Budget Variance Report showing actual income and expenditure against budget.
- b. Variance analysis is undertaken to explain material differences, and corrective actions are implemented where required.

b) Audit & Finance Committee Review

- a. The AFC reviews management accounts, including the Budget Variance Report, prior to each Board meeting.
- b. The AFC ensures budget performance is in line with expectations and that appropriate financial controls are being maintained.

c) Board Oversight

- a. The full Board receives management accounts and AFC recommendations at each Board meeting.
- b. Board review ensures high-level oversight of financial performance and risk.

d) Project Level Monitoring

- a. Project budgets are monitored through Xero Project Tracking to ensure expenditure aligns with donor agreements and project plans.
- b. Project reporting forms part of donor acquittals and internal program performance reviews.

3.5 Budget Adjustments and Revisions

During the year, budget adjustments may be necessary to reflect changes in organisational priorities or funding arrangements.

The CEO has delegated authority to approve budget reallocations within Board-approved expenditure categories and thresholds (see Delegations of Authority).

Material adjustments or expenditure outside of budget parameters require AFC review and Board approval.

3.6 Financial Forecasting

Financial forecasting is used to project revenue, expenses and cash flow to anticipate and respond to emerging risks. Forecasting is updated regularly based on actual financial performance, confirmed funding, and anticipated changes. The CEO presents financial forecasts to the AFC and Board for discussion as part of management account reporting.

3.7 Donor and Restricted Funds Budgeting

Where funding is subject to donor restrictions (such as DFAT-funded projects), LiteHaus International ensures:

- Project budgets are prepared and approved in line with donor requirements.
- Restricted funds are accounted for separately to ensure compliance with contractual conditions.
- Financial reports to donors align with approved project budgets and acquittal requirements.

3.8 Continuous Improvement

LiteHaus International is committed to improving its budgeting practices and financial management through:

- Incorporating learnings from audits and Board/AFC reviews.
- Aligning with DFAT Accreditation requirements and industry best practice.
- Ensuring staff responsible for budgets are adequately trained.

4. ACCOUNTING PRINCIPLES & RECORDS

4.1 Purpose

LiteHaus International maintains robust accounting systems and records to ensure:

- Accurate and timely recording of all financial transactions.
- Compliance with Australian Accounting Standards and relevant laws and regulations.
- Integrity of financial data for management, Board oversight, donor reporting and audit purposes.
- Transparency and accountability for public and donor funds, including DFAT contributions.

This section outlines the principles and systems that govern LiteHaus International's financial record keeping and reporting.

4.2 Accounting Standards and Basis

LiteHaus International prepares financial statements in accordance with the Australian Accounting Standards, ensuring accrual accounting and compliance with relevant reporting requirements.

Financial records are maintained on an accrual basis, meaning revenues and expenses are recorded when earned/incurred, not when cash is received or paid.

Management accounts and variance reports may be prepared on a cash basis for internal monitoring purposes, but statutory accounts are prepared on an accrual basis for accuracy and completeness.

4.3 Chart of Accounts

LiteHaus International maintains a comprehensive Chart of Accounts (CoA), which is structured to:

- Capture all income, expenses, assets, liabilities and equity accounts in a clear and organised format.
- Support detailed categorisation by source (e.g. government contracts, philanthropic donations, community partnerships, etc).
- Enable project-level tracking and reporting through the integration of Xero's Project Tracking module, ensuring donor funds and project budgets are separately tracked and acquitted appropriately.

The Chart of Accounts is reviewed periodically to ensure it remains relevant and reflects LiteHaus International's evolving financial and programmatic needs.

(Refer to Appendix B: Chart of Accounts)

4.4 Accounting System

All financial records are maintained within Xero, LiteHaus International's cloud-based accounting platform, which provides:

- Real-time recording and reconciliation of transactions.

- Secure access controls and user permissions to ensure data integrity.
- Integration with project tracking functionality for donor/project reporting.
- Automated financial reporting, including balance sheet, profit and loss, cash flow, and budget variance analysis.

Xero Admin rights are reserved by the CEO. User access is given to all members of the Board and AFC and periodically granted to external audits once formally engaged.

4.5 Record Keeping and Document Retention

LiteHaus International ensures that all supporting documentation for financial transactions (including invoices, receipts, contracts, and bank statements) are retained in digital form within Xero or its secure cloud-based filing system.

Financial records are retained for a minimum of seven (7) years, or longer if required by law or donor agreements.

Archived records are stored securely and protected against unauthorised access, loss or destruction.

4.6 Journal Entries and Adjustments

All journal entries are reviewed and approved by the CEO or delegated finance personnel prior to posting. Adjustments (e.g. accruals, prepayments, depreciation) are supported by appropriate documentation and reviewed as part of the year-end close process.

4.7 Currency and Foreign Exchange

LiteHaus International maintains financial records in Australian Dollars (AUD) as the organisation's functional currency. Foreign currency transactions are translated into AUD using exchange rates applicable on the transaction date. Unrealised and realised foreign exchange gains/losses are recorded in the relevant accounts within the Chart of Accounts.

4.8 Reconciliation and Internal Controls

Weekly bank reconciliations are performed to ensure cash balances in the accounting system align with bank statements. Accounts receivable and accounts payable reconciliations are also performed monthly. Transactions should include a receipt, invoice or remittance advice where appropriate.

4.9 Audit Trail and External Audit

Xero maintains a complete audit trail of all transactions, including user access logs and transaction history. An annual external audit is conducted by an independent registered auditor appointed by the Board to comply with LiteHaus International's requirements of its registration as a charity under the Australian Charities & Not-for-profits Commission (ACNC).

Audited financial statements are reviewed by the Audit & Finance Committee, approved by the Board, and made publicly available in accordance with LiteHaus International's transparency

commitments and requirements to ACNC and Australian Council for International Development (ACFID).

4.10 Data Protection and Confidentiality

LiteHaus International takes all reasonable steps to protect the confidentiality and security of financial data. Access to Xero and financial records is restricted to authorised personnel only.

Data management is conducted in accordance with LiteHaus International's *Data Collection & Privacy Policy*.

5. INCOME & EXPENDITURE MANAGEMENT

5.1 Purpose

LiteHaus International's income and expenditure management practices ensure that all funds received and spent are:

- Properly authorised and recorded.
- Managed transparently and in accordance with donor requirements.
- Compliant with applicable laws and accounting standards.
- Subject to effective internal controls to prevent fraud, misappropriation, or misuse.

This section defines how LiteHaus International manages revenue recognition, expenditure approvals, procurement, and payments.

5.2 Income Management and Revenue Recognition

5.2.1 Income Sources

LiteHaus International derives income from the following key sources:

- Donor grants (e.g. corporate and philanthropic foundations)
- Community and individual donations
- Enterprise revenue, including sale of devices and training
- In-kind donations, including donated digital equipment
- Other income, such as interest and reimbursements

5.2.2 Revenue Recognition

All income is recognised on an accrual basis, meaning revenue is recorded when it is contractually secured or earned, not when cash is received.

Grant income is recognised as income when the contract is executed and conditions for income recognition are met.

In-kind donations are recognised based on a fair value assessment. Donated equipment is valued using LiteHaus International's In-Kind Donation Evaluation Matrix, which is reviewed annually to ensure conservative and realistic valuation aligned to net realisable value. In-kind donations are classified as inventory until deployed and are recorded outside of Xero in a secure inventory database.

5.3 Expenditure Management and Authorisation

5.3.1 Delegations of Authority

All expenditure is subject to LiteHaus International's Delegations of Authority, which defines approval thresholds based on value and nature of spend (refer to Appendix A). Staff, CEO, and Board approvals are required depending on spend category and threshold. Any expenditure outside approved budgets or delegations must be approved by the Board (generally upon recommendation from the Audit & Finance Committee).

5.3.2 Procurement and Supplier Management

Procurement decisions are guided by LiteHaus International's *Sustainable Procurement Policy*, which:

- Prohibits sourcing from unethical vendors.
- Encourages sourcing from preferred or pre-vetted suppliers where appropriate.
- Requires value-for-money to be considered in all procurement decisions.

While there is no formal tender threshold, staff and management are expected to obtain competitive quotes or undertake market comparisons for significant purchases to ensure transparency and responsible use of funds.

5.4 Payments and Disbursement of Funds

5.4.1 Internet Banking and Authorisation

All payments are made through LiteHaus International's ANZ internet banking platform, integrated with financial management systems and subject to delegated authorisation. Only authorised personnel, including the CEO, Chair of the Audit & Finance Committee, and selected approved managers, have access to banking systems. Payments are authorised in accordance with Delegations of Authority and supported by appropriate documentation (invoices, contracts, payment approvals).

5.4.2 Cash Handling and Petty Cash

LiteHaus International does not maintain or utilise petty cash in its normal course of business. Where cash is received via fundraising or reimbursement, it is immediately deposited into the bank accounts and notified via finance@litehausinternational.org.

Any incidental expenses are paid through authorised reimbursements, subject to Delegations of Authority and supported by receipts.

This policy reduces risks associated with physical cash handling.

5.4.3 Payment Timing and Controls

Payments are processed on a timely basis and scheduled to optimise cash flow management. Batch payments are reviewed prior to release to ensure validity, approval and alignment to budgets. Bank reconciliations are conducted weekly to verify accuracy and completeness of payment records.

5.5 Expenditure Recording and Monitoring

All expenditure is recorded in LiteHaus International's Chart of Accounts, structured to reflect program, project, donor, and cost centre distinctions. Where applicable, expenditure is tracked by project using Xero Project Tracking to enable donor reporting and accountability. Management accounts include Budget Variance Reports, which compare actual expenditure against approved budgets. These reports are reviewed monthly by management, prior to each Board meeting by the AFC, and at least five times per year by the Board of Directors.

5.6 Prevention of Fraud, Misuse and Misappropriation

LiteHaus International's approach to the prevention of fraud and corruption is outlined in its *Fraud Risk Management Policy*. All income and expenditure processes are designed with internal controls to prevent fraud or misuse of funds.

Any suspected or detected instances of financial wrongdoing are reported under LiteHaus International's *Whistleblower Policy* and investigated appropriately.

6. CASH & BANK ACCOUNT MANAGEMENT

6.1 Purpose

Effective cash and bank account management ensures that LiteHaus International's financial resources are:

- Securely maintained.
- Disbursed only with appropriate authorisation.
- Adequately monitored to safeguard against fraud or misuse.
- Managed in a manner that ensures liquidity and financial sustainability.

This section outlines the organisation's banking structure, authorisation processes, and internal controls.

6.2 Banking Structure

LiteHaus International maintains multiple bank accounts with ANZ, each serving a specific purpose to manage liquidity and protect financial reserves. These include:

Account	Purpose	Signatories / Access
Cheque Account (723)	Everyday transactions and staff debit cards; capped at \$3,500 to reduce exposure	CEO and approved senior staff
Cash Management Account (715)	Holds one month's worth of operating expenses; no debit cards	CEO, Partnerships Lead, Chair, AFC Chair
Online Saver Account (161)	Primary cash reserves; no debit cards; transfers require approval	CEO and authorised senior personnel
Business Essentials Account (188)	Withholding account for PAYG and superannuation obligations	CEO and authorised personnel

Funds are allocated strategically across these accounts to ensure financial control and liquidity management.

6.3 Authorisation of Payments

All payments and transfers from LiteHaus International's accounts must be:

- Made by authorised personnel, whose access is approved by Board resolution.
- Reviewed and authorised on a single authoriser basis, reflecting the organisation's risk management strategy and streamlined operations.
- Supported by documentation, including supplier invoices, contracts or approved payment requests.

Although a single authoriser can release payments, oversight mechanisms are in place to mitigate associated risks:

- All financial transactions and payments are captured in LiteHaus International's Management Accounts, which are reviewed by the Audit & Finance Committee prior to each Board meeting.
- The full Board receives and reviews financial reports, including payment data, at least five times per year.
- Access to internet banking is restricted to senior personnel only (CEO, AFC Chair, Chair, and senior managers as approved).

6.4 Cash Handling and Petty Cash

LiteHaus International does not maintain petty cash or manage physical cash at any of its offices or locations in its normal course of business.

All payments, including those related to overseas operations are made electronically through ANZ Internet Banking.

Cash may be, on occasion, withdrawn by staff overseas where there is no other alternative for payments for services such vehicle hire, fuel, taxis or emergency purposes.

This policy minimises risks related to cash handling and strengthens financial integrity.

6.5 Bank Reconciliations and Monitoring

Monthly bank reconciliations are conducted for all accounts by finance staff or delegated personnel to confirm that recorded balances align with bank statements.

Unreconciled transactions are reviewed and resolved promptly.

Reconciliations and cash positions are included in Management Accounts and reviewed by the AFC and Board to ensure oversight.

6.6 Signatory Management

The Board approves and records all authorised signatories via formal resolution, ensuring governance control over account access. Bank mandates are updated immediately following changes in personnel or Board membership. Only trusted senior personnel (CEO, Chair, AFC Chair, and selected authorised management staff) are permitted as signatories.

6.7 Foreign Currency and International Payments

LiteHaus International maintains AUD-denominated accounts only. Where necessary, payments to overseas partners or suppliers are made via foreign exchange transactions through ANZ Internet Banking. All foreign currency transactions are recorded in AUD at the prevailing exchange rate at the time of payment. Unrealised and realised foreign exchange gains/losses are recorded within the Chart of Accounts.

6.8 Review and Continuous Improvement

Cash and bank account management procedures are reviewed annually or as required, ensuring ongoing alignment with best practice and DFAT Accreditation standards.

Recommendations from external audits, the AFC and Board are incorporated into continuous improvement actions.

7. ASSET & INVENTORY MANAGEMENT

7.1 Purpose

LiteHaus International is committed to the effective stewardship of its assets, ensuring that all organisational and donated resources are:

- Recorded accurately and safeguarded from loss, damage or misuse.
- Managed in accordance with Australian Accounting Standards.
- Disposed of appropriately at the end of their useful life.
- Accountable to donors, regulators, and other stakeholders.

This section outlines the policies and procedures relating to the management of both owned fixed assets and in-kind inventory (notably donated digital equipment).

7.2 Asset Categories

LiteHaus International's assets are classified as follows:

- **Fixed Assets:** Includes office and yard equipment, marketing materials, motor vehicles, and personnel digital equipment. These are capitalised and recorded within Xero's fixed asset register.
- **Inventory Assets (In-kind Donations):** Includes digital equipment donated to LiteHaus International for program use. These are recorded separately in an external Inventory Database until deployment.

7.3 Asset and Inventory Recording

7.3.1 Fixed Assets

All fixed assets are recorded in Xero's Fixed Asset Register upon acquisition.

Assets are capitalised where they meet the relevant threshold and depreciated in accordance with LiteHaus International's accounting policies.

Insurance is maintained for all material fixed assets to protect against theft, damage or loss.

7.3.2 In-kind Digital Equipment (Inventory)

In-kind donations are recorded in LiteHaus International's **Inventory Database** at the point of receipt. Valuation is determined using the organisation's **In-Kind Donation Evaluation Matrix**, which is reviewed annually to ensure fair and conservative valuation based on net realisable value.

Inventory levels are reviewed weekly, and reconciled through annual stocktakes.

Upon deployment to programs, digital equipment is removed from the inventory database and recorded as expense/distribution through Xero.

7.4 Physical Controls and Stocktakes

Fixed assets are securely located and subject to periodic verification.

In-kind inventory is stored at LiteHaus International's warehouses in Townsville, Brisbane and Port Moresby or project sites, and is subject to:

- Weekly tracking and reconciliation through the inventory database.
- Formal annual stocktakes to verify existence, condition and completeness.
- Investigation and resolution of any discrepancies.

7.5 Disposal of Assets

7.5.1 Fixed Assets

Fixed assets that are obsolete, fully depreciated, or beyond repair are reviewed for disposal. Disposal decisions require CEO approval and are documented for audit purposes. Options for disposal include sale, donation to partners, recycling or write-off in accordance with accounting standards.

7.5.2 In-kind Digital Equipment

Digital equipment which is no longer functional is categorised as **e-waste**. E-waste is removed from the inventory database and disposed of via responsible recycling methods. Disposals are recorded and retained for audit purposes.

7.6 Insurance and Risk Management

Fixed assets are insured as part of LiteHaus International's general insurance arrangements to mitigate the risk of loss or damage. In-kind digital equipment held in inventory is not insured. Instead, risk is mitigated through:

- Secure storage arrangements.
- Regular stocktake and reconciliation.
- Timely deployment to reduce storage duration.

7.7 Monitoring and Review

The Fixed Asset Register and Inventory Database are maintained on an ongoing basis. An annual review is undertaken to ensure completeness, accuracy and appropriateness of asset records. Procedures for asset management are subject to periodic audit and review to ensure alignment with DFAT Accreditation standards and good practice.

8. PAYROLL & HUMAN RESOURCES PAYMENTS

8.1 Purpose

LiteHaus International is committed to ensuring that all employees and contractors are compensated fairly, accurately, and in accordance with legal and regulatory requirements.

This section outlines the procedures and controls governing:

- Payroll processing and approvals
- Payment of statutory entitlements (e.g. PAYG, superannuation, leave)
- Engagement and payment of contractors
- Internal controls and record keeping

8.2 Payroll Processing

8.2.1 Payroll System

- Payroll is processed in-house using Xero, LiteHaus International's integrated accounting and payroll platform.
- Payroll is processed fortnightly, in alignment with organisational and employee expectations.

8.2.2 Payroll Authorisation

- Payroll is prepared by finance staff and reviewed for accuracy.
- The Chief Executive Officer (CEO) reviews and approves payroll prior to payment.
- Once approved, payroll is processed through LiteHaus International's ANZ internet banking system.

8.2.3 Payment of Wages and Salaries

- Net wages and salaries are deposited directly into employee bank accounts via electronic funds transfer.
- Payroll records are maintained in Xero and are accessible to authorised personnel for verification and audit purposes.

8.3 Superannuation, PAYG and Leave Entitlements

8.3.1 Superannuation and PAYG

- LiteHaus International calculates and processes all statutory obligations, including:
 - Superannuation Guarantee contributions, paid directly to employees' nominated funds.
 - PAYG Withholding tax, remitted to the Australian Taxation Office (ATO) in accordance with regulatory timelines.

- These obligations are processed as part of the fortnightly payroll run through Xero and reconciled monthly.

8.3.2 Leave Entitlements

- Annual leave and long service leave accruals are automatically calculated and tracked through Xero.
- Leave balances are monitored regularly and reported to management and the Board via Management Accounts.
- Leave is approved through LiteHaus International's leave request process prior to payment.

8.4 Independent Contractors

LiteHaus International engages independent contractors through written Independent Contractor Agreements, which define the scope of work, payment terms, and contractor status.

Contractors are distinctly classified in Xero to ensure they are not treated as employees. Contractor payments:

- Are processed monthly, upon receipt of approved invoices.
- Are coded to a separate account in the Chart of Accounts to maintain clear distinction.

Contractors are responsible for their own taxation and superannuation obligations, in accordance with Australian law.

8.5 Internal Controls and Oversight

Payroll and contractor payments are subject to the same approval and authorisation procedures as all organisational expenditure (refer to Delegations of Authority).

The CEO, as approving officer, ensures compliance with employment contracts, awards, and statutory obligations.

Payroll transactions are included in Management Accounts, which are reviewed by the Audit & Finance Committee and Board.

Records relating to payroll, leave, superannuation and PAYG are retained securely in Xero in accordance with LiteHaus International's document retention policy.

8.6 Review and Continuous Improvement

Payroll and human resources payment procedures are reviewed annually to ensure compliance with:

- Australian Fair Work requirements
- Superannuation Guarantee legislation
- DFAT Accreditation standards

Any changes to legislation or good practice are reflected in updates to this Manual.

9. AUDIT & COMPLIANCE

9.1 Purpose

LiteHaus International is committed to maintaining robust financial controls, independent oversight, and transparent reporting to ensure compliance with:

- Australian laws and regulations.
- Donor requirements, including DFAT.
- Sector standards, including ACFID Code of Conduct.
- Community expectations for integrity and accountability.

This section outlines LiteHaus International's approach to financial audits, internal controls, compliance obligations and continuous improvement.

9.2 External Audit

LiteHaus International's financial statements are audited annually by an independent registered auditor, appointed by the Board.

The audit scope includes:

- Verification of financial records and statements.
- Assessment of internal controls.
- Compliance with Australian Accounting Standards.

Audited financial statements are:

- Reviewed by the Audit & Finance Committee (AFC) prior to Board consideration.
- Approved by the Board of Directors.
- Lodged with the Australian Charities and Not-for-profits Commission (ACNC) via the Annual Information Statement
- Made publicly available via the ACNC Charity Register and included in LiteHaus International's Annual Report to meet ACFID Code of Conduct obligations.

9.3 Regulatory and Donor Compliance

9.3.1 Australian Charities & Not-for-profits Commission (ACNC) Obligations

As a registered charity, LiteHaus International complies with all ACNC regulatory requirements, including:

- Annual financial reporting.
- Governance standards.
- Public disclosure of audited financial statements.

9.3.2 ACFID Code of Conduct

As a signatory to the Australian Council for International Development (ACFID) Code of Conduct, LiteHaus International:

- Prepares and publishes an Annual Report with audited financial information.
- Upholds high standards of transparency, accountability, and responsible financial management.

9.3.3 Donor and Contractual Obligations

LiteHaus International complies with all donor funding agreements, including:

- Financial acquittal and reporting obligations.
- Record keeping and audit rights.
- Provisions relating to fraud, corruption, terrorism financing and misuse of funds.

Financial records related to donor projects are maintained in Xero and are available for donor or regulatory inspection as required.

9.4 Managing Audit Findings and Continuous Improvement

Audit findings and recommendations (whether internal or external) are reviewed by the AFC, management and tabled by the Board and actioned in a timely manner.

LiteHaus International is committed to continuous improvement in its financial management and control environment, including:

- Annual review of financial policies and procedures.
- Incorporating lessons learned from audits and donor feedback.
- Building staff capacity through training and guidance.

10. FRAUD & FINANCIAL WRONGDOING PREVENTION

10.1 Purpose

This section outlines LiteHaus International's approach to preventing, detecting, responding to and reporting fraud and corruption, in alignment with the organisation's *Fraud Risk Management Policy* and the Australian Standard AS8001-2021 Fraud and Corruption Control.

10.2 Fraud Prevention Controls

Fraud prevention is embedded into LiteHaus International's core financial processes:

- Delegations of Authority restrict who may approve expenditures and release funds.
- Procurement rules require multiple quotes or approvals for significant purchases.
- Banking access and payment approval restrictions ensure only authorised personnel may approve and release payments.
- Bank reconciliations are completed weekly and reviewed by management.
- Management accounts (including variance analysis) are prepared monthly, reviewed by the Audit & Finance Committee, and scrutinised by the Board.
- Separation of duties exists wherever practical (e.g. payment preparation vs authorisation).

All finance staff are trained to be alert to irregularities and red flags in the above processes.

Fraud risk management also applies to funds disbursed to partners and contractors.

- Due diligence assessments are undertaken prior to entering into any partnership to assess the organisation's governance, financial capacity and control environment.
- Partner agreements include clauses requiring compliance with LiteHaus International's policies on fraud and corruption, and require partners to report any suspected fraud immediately.
- Where fraud or serious financial wrongdoing is suspected at partner level:
 - Payments may be suspended pending investigation.
 - The matter will be escalated immediately to the CEO and Board.
 - DFAT and other donors will be notified if applicable to affected projects.

These requirements apply equally to all partners, whether based in Australia or internationally.

10.3 Fraud Detection

Finance staff review transactions during coding, reconciliation and weekly processes to identify anomalies or irregularities.

The CEO reviews monthly Management Accounts, including unexplained variances or abnormal transactions.

The Audit & Finance Committee conducts quarterly oversight and may query irregularities.

10.4 Reporting Suspected Fraud

Any person identifying a suspected fraudulent transaction or irregularity must:

1. Report the matter immediately to the CEO.
2. If the CEO is implicated, report directly to the Chair of the Board.

Reports can also be made confidentially via:

incidentreporting@litehausinternational.org

All staff are protected from retaliation when reporting in good faith, as per LiteHaus International's *Whistleblowing Policy*.

10.5 Investigation and Response

Where suspected fraud is reported:

- The CEO (or Chair of the Board) will initiate a preliminary review.
- If warranted, external investigators or legal advisors will be engaged.
- Access to relevant financial records will be secured.
- The subject of the allegation will be restricted from accessing relevant systems if necessary.

If fraud is substantiated:

- Disciplinary action, including termination of employment or engagement, will be taken.
- Civil recovery or criminal referral will be initiated as appropriate.
- DFAT and/or other affected donors will be notified immediately where funds related to their projects are involved.

10.6 Review of Procedures

All substantiated fraud cases are reviewed post-incident to identify procedural weaknesses. Controls and procedures are strengthened accordingly.

The Audit & Finance Committee monitors implementation of any procedural changes arising from incidents.

11. COUNTER-TERRORISM FINANCING & ANTI-MONEY LAUNDERING

11.1 Purpose

This procedure ensures that LiteHaus International's financial management processes prevent, detect, and respond to terrorism financing and money laundering risks.

This is essential to protect the organisation, comply with Australian law and DFAT contractual obligations, and maintain donor and public trust.

11.2 Prevention Controls

Counter-terrorism and anti-money laundering controls are embedded in LiteHaus International's financial operations.

All Board members, employees, volunteers and contractors are screened prior to engagement, including checks against Australian Government sanction and terrorism lists.

All new partners and suppliers undergo screening against:

- The Australian Government's Consolidated List and List of Terrorist Organisations.
- Other relevant lists such as the World Bank and Asian Development Bank sanctions lists.

Due diligence includes assessment of organisational controls and capacity to mitigate terrorism financing risks.

Before any payment to a new vendor or partner, staff verify that the payee is not subject to sanctions or terrorism listings. All payments are made via LiteHaus International's ANZ accounts, subject to Delegations of Authority. Payments can only be made to approved suppliers/partners following completion of due diligence.

Projects are assessed for risk of misdirection of funds or resources. Activities are monitored during implementation to ensure funds are used as intended.

11.3 Detection and Monitoring

Finance staff monitor all transactions for unusual or suspicious patterns. Variance reports and management accounts are reviewed monthly to identify anomalies.

International payments and partner disbursements are subject to an additional level of review by the CEO or delegate prior to authorisation.

Partners and major suppliers are re-screened annually against relevant sanctions lists.

11.4 Reporting Suspected Breaches

Any LiteHaus International personnel who suspect potential terrorism financing or money laundering must immediately report to the CEO or, where the CEO is implicated, to the Chair of the Board.

Reports may also be made via incidentreporting@litehausinternational.org

The CEO assesses all reports and, if necessary:

- Suspends the relevant payment or partner relationship.

- Notifies DFAT or other donors if donor funds may be implicated.
- Reports to law enforcement or regulatory authorities where required.

11.5 Partner Obligations and Capacity Building

Partner agreements include clauses requiring compliance with counter-terrorism laws and policies. Partners are supported to understand and implement relevant controls. Partner financial reports and acquittals are reviewed by LiteHaus International's finance staff for indicators of non-compliance.

11.6 Review and Continuous Improvement

Counter-terrorism and anti-money laundering procedures are reviewed annually. Any incidents, near misses or donor feedback are used to strengthen LiteHaus International's controls and risk assessment processes.

12. PARTNERSHIPS

12.1 Purpose

LiteHaus International works with partner organisations to deliver programs and services. Complementing LiteHaus International's *Partnerships Policy*, this procedure outlines how financial risks related to partners are managed to ensure funds are used appropriately, efficiently, and in compliance with donor obligations.

12.2 Partner Types and Financial Risk

LiteHaus International partners primarily with:

- Local NGOs and education authorities to support program delivery.
- Contractors and service providers engaged on a fee-for-service basis to support logistics and delivery.

Funds are never transferred directly to partners for unrestricted use. Payments to partners are made solely as fee-for-service payments under contract.

This model significantly reduces the financial risk exposure to partner fraud or misuse.

12.3 Partner Selection and Due Diligence

Before engaging any partner:

- A Partner Capacity Assessment Form is completed to assess governance, financial controls, compliance, and terrorism financing risks.
- The partner is checked against LiteHaus International's *Donation Acceptance and Partnership Assessment Guidelines*.
- The CEO is responsible for review and sign-off of all new partners.

Partners that do not meet LiteHaus International's requirements are not engaged.

12.4 Partner Agreements and Funding Conditions

All partners receiving funding or payments must sign a formal agreement or contract prior to engagement. This includes:

- Scope of work and deliverables.
- Payment terms (linked to deliverables).
- Financial reporting and acquittal obligations.
- Compliance with LiteHaus International's policies, including fraud, safeguarding and counter-terrorism.
- Termination and dispute resolution clauses.

No partner is paid without a signed agreement in place.

12.5 Continuous Oversight and Improvement

Partner performance and risk, including financial performance, is reviewed annually or after project completion. Lessons learned are incorporated into future partner assessments and agreements. Procedures are reviewed annually to ensure DFAT compliance.

13. RESERVES POLICY

13.1 Purpose

This procedure outlines how LiteHaus International manages reserves and liquidity to ensure financial sustainability, operational continuity, and responsible stewardship of funds.

13.2 Reserves Policy and Objectives

LiteHaus International maintains an informal reserves target equivalent to six months of fixed operating costs. This target provides a prudent financial buffer to cover essential operations in the event of funding delays or unexpected financial challenges. This target is consistently monitored and reported to the Board.

13.3 Investment and Risk Management

Reserves are held in cash, in the organisation's **Online Saver account with ANZ**, to:

- Maximise liquidity.
- Preserve capital.
- Reduce risk.

At present, LiteHaus International does not invest in term deposits or other financial instruments.

The Board and Audit & Finance Committee may review this position annually to consider whether alternative investment options may be appropriate.

13.4 Liquidity Management

LiteHaus International maintains a **rolling cash flow forecast**, updated quarterly. Forecasts incorporate:

- Expected income (e.g. grants, donations, enterprise revenue).
- Projected expenditure, including payroll, program costs and capital expenditure.

Liquidity and cash flow forecasts are reviewed by:

- The CEO weekly.
- The Audit & Finance Committee monthly.
- The Board at least five times per year.

Corrective actions (e.g. delaying non-essential expenditure) are taken where forecasts indicate potential liquidity pressures.

13.5 Review and Continuous Improvement

The reserves target and cash holdings approach are reviewed annually by the CEO and AFC, and adjustments recommended to the Board as needed.

Investment options will be considered only where surplus cash holdings materially exceed the reserves target.

APPENDIX C – RELATED POLICIES

- LiteHaus International – Fraud Risk Management Policy
- LiteHaus International – Whistleblower Policy
- LiteHaus International – Conflict of Interest Policy
- LiteHaus International – Data Collection & Privacy Policy
- LiteHaus International – Donation Acceptance & Partnership Assessment Guidelines
- LiteHaus International – Sustainable Procurement Guidelines
- LiteHaus International – Counterterrorism & Anti-Money Laundering Policy

APPENDIX D – GLOSSARY OF FINANCIAL TERMS

Term	Definition
Accrual Accounting	An accounting method where income and expenses are recorded when they are earned or incurred, regardless of when cash is received or paid.
Acquittal	A formal report to donors showing how funds were spent, demonstrating accountability and compliance with donor agreements.
Audit	An independent examination of financial records to ensure accuracy, compliance, and integrity.
Authorisation	The official approval required before financial transactions (such as payments or procurement) can occur.
Balance Sheet	A financial statement showing an organisation's assets, liabilities, and equity at a specific point in time.
Bank Reconciliation	The process of comparing accounting records with bank statements to ensure accuracy and completeness.
Budget Variance	The difference between budgeted and actual financial performance. Variances are monitored to manage financial risks.
Cash Flow Forecast	A projection of the organisation's cash inflows and outflows over a future period to manage liquidity.
Chart of Accounts (CoA)	A structured list of financial accounts used to classify and record financial transactions.
Contractor	A person or business providing services to LiteHaus International under contract but not classified as an employee.
Delegation of Authority	A framework that defines approval levels and limits for financial decision-making within the organisation.
Depreciation	The allocation of the cost of a fixed asset over its useful life.
Donor Restricted Funds	Funds provided by donors for specific purposes, which must be used in accordance with agreed terms.
Expenditure	Money spent by the organisation on its activities, programs, and operations.
Financial Statements	Formal records of financial activities, including Profit and Loss Statement, Balance Sheet and Cash Flow Statement.
Fixed Assets	Long-term assets held for use in operations, not intended for resale (e.g. equipment, vehicles).
Fraud	Deliberate deception to secure unfair or unlawful financial gain.
General Ledger	The main accounting record of all financial transactions within the organisation.
In-kind Donations	Non-cash donations (e.g. goods, equipment) received and recorded at fair value.

Inventory	Assets held for distribution in program delivery (e.g. donated digital equipment) and tracked in the inventory database.
Liquidity	The organisation's ability to meet its financial obligations as they fall due.
Petty Cash	Small amounts of cash held for minor expenses (note: LiteHaus International does not utilise petty cash).
Reserves	Funds retained to ensure the organisation's sustainability and ability to meet ongoing operational costs.
Restricted Funds	See "Donor Restricted Funds."
Revenue	Income received by the organisation, including donations, grants, and enterprise sales.
Sanctions Lists	Official lists of persons and organisations subject to restrictions under Australian or international law (used in counter-terrorism checks).
Supplier	A person or organisation providing goods or services to LiteHaus International.
Terrorism Financing	The act of providing financial support to terrorist individuals or organisations (which LiteHaus International screens to prevent).
Variance Analysis	The process of investigating the reasons behind differences between budgeted and actual figures.
Whistleblowing	The act of reporting misconduct, including fraud or financial wrongdoing, usually with protections in place for the reporter.

- A. Delegation of Authority Matrix
- B. Chart of Accounts (COA)