

MELBOURNE COMMUNITY TELEVISION CONSORTIUM LTD

(ACN 104 562 076)

ACCOUNTING AND FINANCIAL POLICY

(Last amended 1 May 2008)

1. Finance Committee

The Melbourne Community Television Consortium Ltd Board shall appoint a Finance Committee in accordance with Rule 22 of the company's Constitution. The Committee is to be comprised of the General Manager, the Chairperson, the Deputy Chairperson, and three members appointed by the Board of Directors. The Finance & Administration Officer shall be a non-voting member of the committee. The Finance Committee shall meet monthly and provide a written report of its meetings to the next Board of Directors meeting following the last meeting of the Committee.

The Finance Committee provides overall financial supervision on financial and taxation matters. It will work with the General Manager and Finance staff members to ensure that financial transactions, invoicing, accounts receivable and staff entitlement payments are conducted in a professional, timely and legally compliant manner.

The Finance Committee shall ensure the Consortium has the highest level of financial security, and will develop Financial Policy and Financial Security Processes; have involvement in the appointment of the Auditor and Accountant (including sourcing quotes and outlining their tasks and duties); and ensure that Directors have access to the books and financial records of the Consortium.

As a standard corporation law and taxation law requirement, the accounting procedures of C31 must adhere to all applicable Australian Accounting Standards.

The Finance Committee shall make recommendations to the Board on all major financial purchases, changes and initiatives

2. Auditor

An independent external Auditor shall be appointed on an annual or biannual basis as the case may be by the Board of Directors or Assembly in a General Meeting.

Audits shall be conducted in accordance with Australian Auditing Standards which include giving an opinion as to whether the financial report give a true and accurate view of the financial position at balance date and providing an opinion whether in all material respects the internal control procedures are adequate and in compliance with Australian Accounting Standards and Corporations Act 2001.

On delivery of a final Audit, the Auditor is required to also include recommendations in the form of a management letter to the Board of Directors addressing any weaknesses that C31 may have with regards to accounting process, financial policies and data security.

3. Accountant

An external Accountant shall be appointed on an annual or biannual basis by the Board of Directors or Assembly. An in-house accountant may be employed should it become necessary to do so.

The Accountant will work to a comprehensive description of tasks required. This will include Audit preparation, examination of monthly Bank Reconciliations, advising Bookkeeper on procedures, monthly Profit and Loss statements, monthly Balance Sheet, annual Cash Flow projections, annual Budget and Budget Acquittal reconciliation. In addition, the Accountant will also review monthly Business Activity Statements, prepare annual PAYGW reconciliation and Workcover declaration and reconcile tax liabilities. The Accountant will attend monthly Board meetings to present financials, be available to the General Manager, Finance & Administration Officer and the Finance Committee for advice on all matters financial, including Taxation and Superannuation laws.

4. Financial Security

The Finance Committee, in cooperation and consultation with the General Manager, Accountant, Auditor and Finance staff members, will ensure C31 has the highest level of Financial Security. A secure process is required for the signing of cheques and in particular Electronic Transactions. The Finance Committee and General Manager will present the Financial Security Process (FSP) to the Board for approval when changes are proposed or made to the FSP.

An external Security Audit to test Financial and Data Security will be conducted by C31 as necessary.

FINANCIAL SECURITY PROCESS (FSP)

1. All banking transactions must be authorised or signed by two of the following: the General Manager, the Chairperson, the Deputy Chairperson, the Company Secretary, the President of Assembly and a senior member of the Programming Team nominated by the General Manager. Unless on leave, or otherwise unavailable, the General Manager shall always be one of the two authorising persons or signatories to any transaction.
2. Electronic payments are carried out through the Commonwealth Bank's CommBiz online banking website. Electronic payments are restricted to staff and employee wages and superannuation payments, as well as payments to permanent contractors.
3. The CommBiz system requires each authorised user to be allocated an electronic token which generates a one-time password used to authorise transactions. The tokens shall be kept in the company safe, and only the Finance & Administration Officer and Finance & Administration Assistant shall have access to the safe.
4. CommBiz requires one user to be nominated as the Administrator. The Administrator shall be the Company Secretary. The Administrator manages user accounts, sets permissions, and can check account details; but cannot make changes without using the electronic token.
5. The Finance & Administration Officer and Finance & Administration Assistant have access to log in to the CommBiz system to check and prepare the funds to be transferred, but are unable to authorise funds transfer. The Finance & Administration Officer or Finance & Administration Assistant must always be present during funds transfers and other instances when the Administrator or other users need to use their electronic tokens.
6. Direct Debit should only be used for periodical payments, and must be authorised by the Finance Committee.
7. All other payments shall be made by cheque. All cheques need to be accompanied by a cheque requisition form. The form requires authorisation from the General Manager. There shall be two signatories for any cheque.
8. Petty cash expenditure must be accompanied by receipts, and any moneys taken must be written up and signed for in the petty cash book. Entries are to be ticked off once money and/or receipts are returned. Petty cash facility cannot be used as a loan facility for anyone. Petty cash shall be reconciled on a daily basis. Petty cash is limited to a maximum of \$50 per transaction.
9. Courier facility is only to be used for urgent and essential cases and within metropolitan Melbourne only.
10. All Purchases must be duly authorised by the General Manager. A Purchase Order must be raised by the relevant Department Supervisor or Manager.
11. For small or minor items, purchases may be made with prior verbal authority from General Manager and a Purchase Order must be issued later against the receipt or tax invoice for accounting purposes.
12. All Sales must be accompanied by a Sponsorship Form (Sales Booking) and a Tax Invoice should be generated in the computerised accounting system (currently MYOB Premier Version 11) accordingly by the Finance & Administration Officer or in the absence of the Finance & Administration Officer, Finance & Administration Assistant. All debtor receipts and new debtor accounts will be set up and processed by the Finance & Administration Officer or Finance & Administration Assistant only.
13. There shall be no credit terms available for all Sales.
14. The exception to credit terms for Sales shall be for accredited media purchasing entities or government bodies. Each arrangement shall be formalised in writing.
15. Commissions to sales staff are to be made on a receipt of funds basis only.
16. All payments to C31 must be made payable to Melbourne Community Television Consortium Ltd.
17. All contra sales must have the prior approval of the General Manager. In some cases, commissions payable on such contra sales may be reduced to nil. The lowest monetary level of the goods or services received or given will be used for our accounting purposes.
18. All Credit Notes, Credit Adjustments and Write-Offs of any Sales must be approved by the General Manager.

19. All cheques (including cash) must only be received by duly authorised person/s and must be entered into a Cheque or Cash Received Register as soon as possible without any unwarranted or unauthorised delays. All cheques and cash received must be banked into C31's bank account on a daily basis.
20. Cash cheques are strictly to be used only for petty cash replenishment.
21. All cheques prepared by the Finance & Administration Officer or the Finance & Administration Assistant are to be given to the receptionist for mailing out / distribution. Corresponding paperwork is to be noted with the date posted and signed by the person preparing the mailing / distribution. The receptionist is to keep a register of cheques mailed / distributed including the date sent, payee, cheque number, cheque value and address.