

Financial Management

**Issue No. 1**

**Issue Date 1 January 2019**

**Application Date 1 January 2019**

**AUTHORSHIP**

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1. PURPOSE

This document outlines the financial management, accounting, and membership fee policies within APAC.

1. ACCOUNTING AND FINANCIAL MANAGEMENT

The APAC Secretary is responsible for managing the accounting and finance of APAC in accordance with the service level agreement with APAC, and under the oversight of the APAC Executive Committee.

The APAC Secretariat is responsible for maintaining a robust accounting system to ensure the accuracy, completeness, and validity of the financial results of operations and the financial position of APAC.

The APAC Secretariat will arrange for the preparation of annual financial accounts in accordance with the Australian equivalent International Financial Reporting Standards.

The APAC Secretariat is also responsible for arranging, on behalf of the APAC Executive Committee, the audit of the annual financial accounts by a registered auditor.

All financial transactions, events, and conditions relevant to APAC’s operation shall be recorded in accordance with the delegated authority from the APAC Executive Committee, and prudent and generally accepted sound financial practices.

Financial management reports will be prepared and provided by the APAC Secretariat to the APAC Executive Committee and members in accordance with the service level agreement.

1. ANNUAL BUDGET

The APAC Secretary prepares the annual budget by using the APAC Fee Model to determine the annual fee and following generally accepted practices in the determination of other revenue and expenses. The APAC Executive Committee will review and approve the Annual Budget.

The following general principles in the prudent financial management and budget shall be followed:

1. The total operating costs should be recovered over a period of time. This means occasionally the annual fee may not be sufficient to cover the budget expenses. The budget deficit can be funded by drawing down on the Reserve;
2. In the year when a budget surplus is recorded, the surplus will be added to the Reserve; and
3. To ensure there is sufficient Reserve to provide liquidity, fund occasional budget deficits and unforeseen circumstances, and safeguard solvency, the Executive Committee will determine the level of Reserve and the ratio of the Reserve to the total annual expenses.
4. MEMBERSHIP FEE POLICY AND PROCEDURES

As a fundamental principle, the membership fee structure should be simple, fair and equitable. The fee model should distribute the costs in a fair and equitable manner which should as far as practicable reflect the benefit that can reasonably be expected to accrue to members concerned. The second aspect of a fair and equitable contribution to the running cost of APAC is that as members become financially stronger, they should be prepared to contribute proportionally a greater share of the running costs for APAC.

In the determination of the annual fee for each year, the APAC Executive Committee shall respect the prudential budgetary measures given in Section 3 above.

The details of the parameters and variables for the Fee Model are described in APAC FFIN-001 *Membership Fees*.

It is essential that the parameters and variables in the Fee Model are updated for each year’s annual fee calculation. The APAC Secretary shall collate the necessary data and statistics required for the Fee Model in good time to allow the preliminary outputs from the Fee Model to be reviewed by the APAC Executive Committee by mid-October each year.

The necessary data and statistics shall include any changes in relevant price indices, and the movements in the membership and accreditation scope statistics.

The annual fee for APAC Affiliates is currently set a flat rate determined by the APAC Executive Committee. The amount shall be reviewed regularly to ensure it reflects the underlying value of the status of being an APAC Affiliate.

1. AMENDMENT TABLE

This table provides a summary of the changes to the document with this issue.

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| --- | --- |
| **Section(s)** | **Amendment(s)** |
| All | New issue on establishment of APAC. |
| End |  |