

MLN Financial Delegation & Contract Management Policy

Moorabool Landcare Network (MLN) is a relatively new and small organisation. The organisation has minimal assets and derives its capacity from the constituent Landcare groups. Any action that threatens a landcare group's involvement in MLN, threatens MLN's capacity to operate in the future.

The financial issues here include business transaction, contract development and management, applications for grants (as they carry financial implications), acquittal reports when a grant is in progress, final acquittal and report, proposals for MLN to undertake works on behalf of another party (eg Moorabool Shire Council, a Landcare Group).

Anyone acting on behalf of the MLN in a negotiation should advise the other party of the limits of their authority early in the negotiation and must not commit MLN beyond their delegated authority.

Risks to MLN

The main risks to MLN with grants are:

- Grant is too large for MLN to administer – causing loss of integrity with funding agency
- In-kind contribution cannot be supported – causing loss of integrity with funding agency, and possible legal action
- Level of funds will require a scaling-up of MLN's operations – administration, operations

The main risks to MLN with contracts are:

- Without adequate contractual controls and oversight MLN may not adequately be able to manage a contractor's performance.
- fraud or conflict of interest.

Liability

The executive is liable within the terms of the model rules of incorporation. Undertaking large scale projects may require a rethink on liability insurance for key personnel.

Who in MLN Needs to Know

MLN membership is geographically widespread and as a new organisation has to pay particular attention to the question of 'who needs to know?' when decisions are being made.

In the case of a grant or contract, the following people will nearly always be involved so need to know the details of any proposal – especially as they may be required to sign documents, authorise outgoings, report to external authorities, ensure against fraud (or other improper practice) – President, Vice President, Secretary, Treasurer, Executive Officer.

Authorisation of Executive

The executive absorbs most responsibility for the organisation so it is fitting that this group has ultimate say in what business the Network undertakes. This normally resolves into levels of delegation (addressed below).

Timeliness of decision making

Members and the executive should be given sufficient time to read and consider information, especially of a financial nature – before being asked to vote. Unless this is agreed in advance, the minimum period for projects involving finance greater than \$10,000 is three days (72 hours) and less than \$10,000 the minimum period is one working day (24 hours).

Processing of finances

Funds may normally be processed on the authorisation of two members of the executive, who have their details lodged with MLN's bank (Bendigo Bank). The transfer of funds in and out of the accounts should be minuted prior to, or at the next meeting, to comply with audit requirements.

Delegation

Means authority to enter in legal contracts (pay accounts, commit MLN resources, sign-off on grants)

Over \$50,000 General meeting of the members, comprising two-thirds of members

\$10,000 - \$50,000 – meeting of the executive – comprising, President, Secretary, Treasurer and Executive Officer

\$5,000 - \$10,000 – President and one other member of the executive

\$1,000 - \$5,000 – President

Less than \$1,000 – Executive Officer.

Consequences of Not Having Authorisation

The MLN executive reserves the right to reject agreements that do not have the authority of the executive, as set out in the levels of delegation listed above.

Such action may comprise;

- refusing to accept grants for which there has been no minuted agreement
- disciplining the individual who has not abided by the agreed rules of financial delegation
- off-loading the agreement to a third party (if that party agrees to undertake the project and is approved to do so by the grants authority),

- removal of the individual from office (in event of repeat offenses following ratification of this policy)
- Meeting with Landcare Victoria Inc to discuss further action that can be undertaken to mitigate the risks in which MLN finds itself.

Contract management

Contracts will be well specified with key performance indicators, task and roles clearly outlined, and have milestones built in. Milestone reviews will be one of the outlined tasks.

Milestone reviews will involve a brief written report which precedes a meeting with the contractor. These contractor meetings will be undertaken by a minimum of two of the MLN executive who have no declared conflict of interest in relation to the contract.

Underperformance clauses will be included in the contract. Triggers for underperformance may be outlined, but will be subject to the opinion of the executive review. If the underperformance clause is triggered several processes may be in-acted, including higher levels of scrutiny and reporting.

Contract variation

Contracts will include clauses to manage variances for circumstances where more than 5% variation from the output of the project may occur. The contract will specify timelines for bring such variances to the attention of the contract manager. Contract variance will require executive approval.

Contract suspension and termination

Contract suspension and termination clauses and processes for both parties will be stipulated in contracts. Grounds for termination will include underperformance in reviews, discovered conflicts of interest, conduct unbecoming of the Moorabool Landcare Network, misuse of MLN assets and reputation.

Contract suspension can be implemented by any MLN executive or officer where there is a weight of concern or evidence of grounds for contract termination. The contractor will be notified, and where possible will cease works. Upon invocation of suspension an immediate executive meeting must be called.

As per contract the termination clause in the contract, the contractor will have the right of response to the MLN executive prior to termination.

Contract termination can only be proceeded by the full MLN executive.

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