



## **POLICY TITLE: AUDIT, RISK & FINANCE POLICY**

**RELATED POLICIES:** Nil

**RESPONSIBLE OFFICERS:**

Finance & Governance Committee  
Chief Executive Officer  
Accounts Officer

**AUTHORITY:** Board

**APPLICABLE FORMS:** Nil

**APPROVED:** July, 2014

**AMENDED:** May, 2017

**NEXT REVIEW DATE:** May, 2018

## **1. PRINCIPLES**

- 1.1. The board has a role to characterise risk and ensure that strategies to minimise or mitigate these are put in place and implemented.
- 1.2. The board represents the equity holders, exercising a duty of care for the organisation and all of its stakeholders.

## **2. POLICY**

- 2.1. The Chief Executive Officer is responsible for the day-to-day financial management of the organisation. In carrying out this duty he/she must ensure that nothing is done, or authorised to be done, that could in any way cause financial harm or threaten the organisation's financial integrity.
- 2.2. Accordingly, in managing the financial affairs of the organisation the Chief Executive Officer must ensure that:
  - 2.2.1. The organisation, its managers and employees will not use any organisational funds, or enter into any contracts or accept other liabilities, other than for the furtherance of Board-approved purposes and priorities.
  - 2.2.2. All activities must be within the approved strategic plan and annual budget as approved by the board. Any significant variance to the budget (or strategic plan) will require board approval before action can commence.
- 2.3. The organisation will not incur expenditures more than its income for the financial year unless notified and approved by the board.
  - 2.3.1. The annual outcomes based budget report will denote all expenditures and income for the forecast period as approved by the board. Monthly updates on the budget will be provided to the board.
  - 2.3.2. From time to time, approval may be sought from the board for any significant variations from a positive cash flow position, for example, as a consequence of significant capital expenditure, or a strategic operational spending initiative.
- 2.4. Invoices from suppliers for goods and services which are not in dispute, should be paid as agreed with those suppliers.
  - 2.4.1. It is the Accounts Officer's responsibility to ensure that all goods and services provided to the organisation have been properly and promptly recorded in the financial ledgers. The Accounts Officer will ensure that the payment for such supplies will be made in accord with the agreed trade terms for payment as and when due.
- 2.5. All remuneration paid to staff is in accordance with their employment contracts and employment statutes.

- 2.5.1. It is the responsibility of the Operations Manager and Accounts Officer to ensure that all staff are employed in accordance with an official employment contract which clearly denotes the applicable remuneration and conditions of employment for their role as approved in writing or by the signature of the Chief Executive Officer. This employment contract must contain details of all remuneration and compensation payable to the employee for carrying out their nominated role.
  - 2.5.2. The Chief Executive Officer or his/her nominee will approve by way of review and signature, the payroll for payment each fortnight. Subject to this approval the Accounts Officer shall make payroll payment to the relevant staff on a fortnightly basis in arrears.
    - 2.5.2.1. In the event of either the Chief Executive Officer being unable to fulfil their approval of the payroll, the Operations Manger can authorise the payroll. Should this be the case, the President must be notified.
  - 2.5.3. At the end of the six month period (October/April), the Accounts Officer will provide a report to both the Chief Executive Officer and Operations Manager, regarding staff accumulated leave entitlements - time in lieu, long service leave, personal leave and annual leave.
- 2.6. Capital expenditure will not be incurred beyond the value approved by the board.
- 2.6.1. The annual budget should include the level of capital expenditure proposed for that period. Any major expenditure not included in the budget will require a separate board approval.
- 2.7. Applicable Australian Accounting Standards must be adhered to.
- 2.7.1. An external audit will be conducted annually by an independent organisation, with an appropriate report made to the board.
- 2.8. Land and Buildings will not be acquired, encumbered or disposed without Board Approval
- 2.9. Limitations on expenditure and adequate controls will be maintained on the use of credit or other purchase cards by card holding staff.
- 2.9.1. Allocation of all credit and other purchase cards will be approved by the Chief Executive Officer.

2.9.2. Personal expenditure on these cards will not be permitted.

2.10. The Accounts Officer will have a standing procedure in place to pursue receivables that are due and overdue and will monitor the collection activity and report regularly to the Chief Executive Officer on any outstanding amounts and action being taken. A report of outstanding receivables shall also be given regularly to the Finance & Governance Committee via the Director of Finance.

### **3. INVESTMENTS**

3.1. The Chief Executive Officer must ensure that at all times, Bowls WA's assets are invested in a manner that minimises any threat to their financial security or availability to meet the organisation's financial commitments.

3.2. Accordingly the Chief Executive Officer and Accounts Officer must ensure that:

3.2.1. Financial facilities are arranged and maintained to ensure sufficient liquidity to meet short to medium-term financial commitments.

3.2.1.1. Day to day banking should only be carried out using an operating transaction facility as provided by a major Australian bank.

3.2.1.2. Sufficient funds must be maintained at call or on such liquid and term arrangements that will ensure Bowls WA can meet its financial commitments as and when they fall due.

3.2.2. There will be no priority of interest return over security.

3.2.2.1 At no time should the security of the organisation's investments be put at risk with regard to their availability or repayment. The best available rate of return from such investment must always be sought but will be secondary to the liquidity and security of the investment.

3.2.3. All investments are with board approved financial institutions.

3.2.3.1. All term investment lodgements (redemption and rollovers) will be managed by the Chief Executive Officer in compliance with this board policy.

3.2.3.2. All Investments held on term deposit must be maintained in accord with board policy. These funds will be managed in line with Bowls WA's cash flow. A summary report of term deposits will be reviewed by the Accounts Officer on a monthly basis, and processes put in place to ensure that redemptions and rollovers are authorised by the Chief Executive Officer.

### **4. PROTECTION OF ASSETS**

4.1. The Chief Executive Officer must take all prudent and reasonable actions to ensure that Bowls WA's assets, physical and intellectual, are protected against all foreseeable damaging circumstances.

4.2. Accordingly the Chief Executive Officer must ensure that:

- 4.2.1. No unauthorised person is permitted to process and/or manage bank accounts.
  - 4.2.1.1. A procedure must be in place for the payment of accounts (as approved by the Finance & Governance Committee), which requires two authorising signatures for each payment instrument either by way of cash, cheque or electronic payment.
  - 4.2.1.2. The Chief Executive Officer, President or Director of Finance must be included as an authorising signatory, if the item being paid is greater than \$50,000.
  - 4.2.1.3. The Chief Executive Officer and Competitions & Events Manager are the only staff members that can sign payments jointly if under \$50,000
  - 4.2.1.4. The Petty Cash float will be maintained at \$350 maximum. Procedures must be in place that ensures that reconciliations are prepared at the end of each quarter by the Accounts Officer and checked by the Chief Executive Officer.
- 4.2.2. There must be proper process and procedures to record the receipt, disbursement and placement of funds which must be acceptable to the duly appointed auditor. These processes should be regularly reviewed by the Chief Executive officer in consultation with the Accounts Officer. The Audit, Risk & Finance Committee should also review these procedures.
- 4.2.3. Deposit funds must always be invested in Board approved institutions.
- 4.2.4. Fixed assets are insured for no less than their current realisable value.
  - 4.2.4.1. A fixed asset register must be in place and regularly maintained. Appropriate insurance for the replacement value of each fixed asset, must be arranged each year. The insurance policy must be reviewed each year to ensure it is in line with the asset register and insurable risks.
  - 4.2.4.2. A stocktake of assets will be conducted at a minimum annually by the Accounts Officer and approved by the Chief Executive Officer.
- 4.2.5. Any purchase of goods or services must be protected against conflict of interest.
  - 4.2.5.1. For supply agreements of over \$50,000, Expressions of Interest must be called and awarded on acceptable commercial conditions. Any conflict of interest must be declared in advance and the person in question must be excluded from the selection and approval process.
- 4.2.6. All employees/volunteers who drive Bowls WA's or rental vehicles, must hold a current driver licence in the appropriate category and their driving record does not cause the vehicle insurance to be restricted or be cancelled.
  - 4.2.6.1. In all circumstances, vehicles must only be driven by legally licensed and Bowls WA approved drivers.

- 4.2.7. All BWA assets must not be subjected to unauthorised or improper use, unacceptable wear and tear or insufficient maintenance.
  - 4.2.7.1. Information Technology systems cannot be used for purposes other than BWA needs. This information is reflected in the email and internet use policy included in Employment Agreements.
- 4.2.8. All intellectual property, information, and files must not be subject to loss, improper use, or significant damage.
  - 4.2.8.1. Employment Agreements must contain clauses ensuring that the intellectual property of Bowls WA is protected and held confidential at all times.
  - 4.2.8.2. Confidential files must at all time be kept in a locked file resource.
- 4.2.9. There must be appropriate and effective building security systems in place to adequately safeguard against loss, common damage or theft.
  - 4.2.9.1. A monitored security system must be in place for the office. External doors to the office will be locked and security set after each working day and on all weekends and public holidays.

## **5. PROCEDURE - INTERNET BANKING AND PRE-AUTHORISED PAYMENTS**

5.1. The internet banking and pre-authorised payment functions have been established to do the following:

5.1.1. view and download account transactions and balances;

5.1.2. transfer funds between internal bank accounts;

5.1.3. allow for the online payment of supplier invoices; and

5.2. The online internet banking process allows access to Bowls WA's bank accounts. Each person who uses the internet banking will only be given access to some or all of these bank accounts within controls and limits sanctioned by the Board.

5.3. The Access Authority shall be as per the authorised bank signatories:

5.3.1. President;

5.3.2. Chief Executive Officer;

5.3.3 Director of Finance ;

5.3.4 Competitions & Events Manager

5.3.5 Accounts Officer (with no signing authorisation).

5.4. No other employees or officers will be given access without the authorisation of the Board.

5.5. No user ID or passwords allocated to a particular employee or Board Director will be given to another person.

5.6. All transactions require the access and approval of two formally sanctioned user officers (refer to 4.2.1).

5.7. Transfers between Accounts

5.7.1. The following rules apply to transfers:

5.7.2 Only transfers between the bank accounts of Bowls WA are permitted

5.7.3 All transfers from one bank account to another require the written approval of a Master User.

5.7.4 At least two approved users shall be required to implement the transfer.

Online Invoice Payments

The following rules apply to payment of supplier invoices:

5.7.5 All supplier invoices or requests for payment on-line, must be supported by a written authorisation to pay from an "approved and authorised" manager.

5.7.6 The Accounts Officer will identify all payments requested of the authorised users and ensure that the applicable formal documentation is provided to them in support of each payment requested.

## 5.8 Pre-Authorised Payments

5.8.1 No suppliers will be set up for a pre-authorised payment without the written approval of the Chief Executive Officer;

5.8.2 Invoices for pre-authorised payments will be reviewed and compared with the bank statement(s).

### Additional Controls

5.8.3 The Accounts Officer will ensure that no internet transactions other than those authorised have been carried out and that all documentation is provided to support the transactions that were made. Any unauthorised transaction must be reported immediately to the Chief Executive Officer and the Board.

5.8.4 The Accounts Officer will review the banking website on a monthly basis to monitor that only authorised suppliers, have been set up. The review should also note that no other internet transactions have taken place other than those approved.

5.8.5 If one of the authorised users of the internet banking site leaves the organization, then their access to the internet banking will be cancelled immediately upon their leaving the organization and their token redeemed.

5.8.6 The maximum value of bill payments permitted for any one bank account is \$150,000 per day including a transaction limit of \$50,000 for each authorised user (which can only be exceeded if the Chief Executive Officer or one other non-staff Master User is a signatory)

5.8.7 Accrual based accounting including depreciation and amortisation of capital assets will be employed,

5.8.8 An annual surplus will be sought from the income and expenditure statements when framing the budget,

5.8.9 Cash reserves should cover the following:

- all Special Purpose Funds and reserve Accounts
- Employee Entitlements Provisions
- At least two years sponsorship/grants income (including Government funding) such that time for replacement funding being sourced was allowed for, in the unlikely event that such funding was withdrawn.