

# FINANCIAL CONTROLS POLICY



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# **1. GENERAL ACCOUNTING POLICIES**

## **1.1. Statement of Accounting Policies**

RWA follows the measurement principles of Australian Accounting Standards which describe methods of accounting approved by the Institute of Chartered Accountants of Australia for application to financial statements. Any deviation from this may be qualified in the financial accounts and auditors report. The measurement base is historical cost. RWA is regarded as a not-for-profit organisation and as a going concern unless changed circumstances indicate otherwise. Accrual accounting is used to match income and revenue.

## **1.2. Investment Income**

Bank interest is accounted for on an accruals basis. Dividends are accounted for on an as received basis.

## **1.3. Taxation**

RWA is exempt from any liability for income tax, but is subject to goods and services tax (GST).

## **1.4. Stock**

Stocks are valued at the lower of historical cost and net realisable value. Stocks are valued only at the end of the financial year and recognised for accounting purposes to the extent that these are material to the accounts.

## **1.5. Equipment Rentals**

The net cost to RWA of boats and equipment acquired for use by State Teams under shared purchasing/use arrangements are treated as prepaid equipment rental payments where the ultimate ownership of the equipment will revert to the other purchasing party at the end of the relevant agreement. The net cost of the prepaid rental is written off over the period of the agreement.

## **1.6. Accounting Period**

RWA's accounting year runs from 1<sup>st</sup> November – 31<sup>st</sup> October each year.

## **1.7. Auditor**

RWA appoints the following year's Auditor at the Annual General meeting each year.

## **1.8. Debtors**

Bad debts are written off as they are incurred.

## **1.9. Goods and Service Tax**

RWA is registered for GST. The financial statements are prepared on a GST exclusive basis as are the budgets. RWA accounts for GST on the Invoice basis. RWA's taxable period is every quarter.

## **1.10. Association Activities**

RWA is an incorporated Association governing rowing in Western Australia and promoting the interests of Rowing and the rowing interest of it's members.

## **1.11. Fringe Benefit Tax**

RWA does not pay FBT due to it's not-for-profit status.

## **1.12. Depreciation**

Depreciation is calculated on a straight line basis, which writes off relevant assets over their useful lives.

# **2. CAPITAL EXPENDITURE**

## **2.1. Budget**

A capital expenditure budget is compiled by the CEO in conjunction with the Finance Director and is approved by the Board in October (approx.) each year and includes allowances for salaries and wages, state team equipment, office equipment and program equipment and other operating costs for the ensuing financial year together with an outline of anticipated requirements for the following two years.

## **2.2. Authority levels**

The CEO may only purchase those capital items approved in the budget, or minor items of under \$10,000 up to an aggregate of \$50,000 in any year. Any other capital expenditure must be approved by the Board prior to purchase.

## **2.3. Records of Capital items**

All assets details are held in the Fixed Asset Register kept by the CEO within the Xero accounting system. These details, as appropriate, include:

- a reference to the purchase/tax invoice
- serial numbers/date of manufacture
- description

Responsibility for security and maintenance of capital items lies as follows:

- CEO - Capital Purchases, general operational equipment and building asset maintenance

- CEO and High Performance Director - State Team boats and oars
- Relevant Managers – General, regatta and specific program equipment

## 2.4. Capital or Revenue

If an item's useful life is greater than 1 year and its monetary value is greater than \$500 it will be recorded as capital expenditure. Like items may be classified in a group for this purpose, eg chairs.

## 2.5. Verification of Assets

All individual items above \$500 of book value contained on the Asset Register must be verified annually. All items that are missing must have an explanation, eg

- lost or stolen,
- sold,
- obsolete, a short explanation.

Items that are no longer held by RWA are written off the Asset Register.

## 2.6. Disposal of assets

In the event that an asset of book value above \$500 is relocated, sold, or otherwise disposed of the Finance Director must be notified and if applicable the asset removed from the Assets Register.

## 2.7. Depreciation

Depreciation is calculated on a straight line basis, which writes off the asset over its useful life as follows:

• Buildings and improvements	2%	over 50 years
• Furniture and Fittings	10%	over 10 years
• Boats and Oars	15%	over 6.7 years
• Other mechanical equipment	15%	over 6.7 years
• Regatta Communication Equipment	25%	over 4 years
• Motors and hulls	27%	over 3.7 years

## 3. INTERNAL CONTROLS

### 3.1. Compliance with Internal Controls

Financial Controls are put in place to enable RWA to carry on its business in an orderly and efficient manner, to safeguard its assets, and secure as far as possible the completeness and accuracy of its records.

### **3.2. Reconciliations**

The Accounts Officer must perform the following reconciliations:

- Bank accounts - each month
- Creditors - each month
- Debtors - each month
- Payroll - each month
- Equipment loans - monthly
- PAYG - quarterly
- GST – quarterly

### **3.3. Accounting System Integrity**

If the system allows, the Accounts Officer must perform regular backups (at least quarterly), to safeguard the integrity of the accounting system.

### **3.4. Exchange of Services/Reimbursement of costs**

Services provided and costs incurred by Directors, appointed Officers, staff and volunteers in the conduct of their duties to approved limits shall be reimbursed at cost on provision of full documentation including the provision of a tax invoice and declaration by the claimant that the amount has been incurred on behalf of RWA and paid by the claimant.

### **3.5. Contra Deals (General)**

A contra deal is an exchange of goods and services and does not involve money changing hands:

- All contra deals should be made for the benefit of RWA.
- All deals must be recorded so as to show their monetary worth (or loss of) to RWA.
- Contra deals are not to be used for the benefit of RWA staff and Board.

That the decision to enter into contra deals shall be that of the relevant officer (to approved expenditure limits) except that:

- It shall be legal;
- It shall not disadvantage RWA or another member Association;
- Staff members shall only gain from the contra where this is incidental under the deal to their role in RWA and RWA itself is shown to gain from the exchange.

The following details shall be included:

- the nature of the contra;
- the source of the contra;
- the purpose or event to which it is directed;
- the method of its dispersal;
- the service provided in exchange.

### **3.6. All activities to be recorded within RWA accounts**

All financial dealings of RWA are to be conducted through the RWA accounting system and RWA bank accounts via the RWA Office.

All Association, Club, and Affiliated Body money (including cheques), is to be deposited through the RWA Office as soon as practicable after it has been received and is to be recorded in the accounting system appropriately. This will then be banked in the appropriate RWA Account in accordance with RWA policy.

No bank accounts other than those administered by the RWA Office are to be opened or used to hold RWA money unless specifically authorised by the RWA Board.

### **3.7. Rowing WA Credit/Debit Card**

RWA operates a Credit/Debit Card account through Westpac for use by the CEO and key staff. The RWA Credit/Debit Card should only be used if payment via invoice is not possible or too time-consuming

As use of the RWA Credit/Debit Card may occur without signatory approval, all staff must be certain of their authority to utilise this tool. This authority must be sought from the appropriate line manager with financial authority or the CEO.

No purchase is to occur via Credit/Debit Card outside of budget without the express permission of the CEO.

Detailed information related to the proper use of the RWA Credit/Debit Card is available in the Employee Handbook.

Daily Spent Limits for employees are as follows:

- CEO - \$2,500
- Managers - \$1,250

## **4. FUNDS MANAGEMENT**

### **4.1. General Policy**

The Board have oversight of RWA's funds management.

Bank accounts and deposit accounts of RWA are managed on a day-by-day basis by the Accounts Officer and Finance Director as appropriate.

Deposit Accounts are subject to the same controls as the RWA cheque accounts. Any changes to RWA loans or overdrafts limits (to the extent that such borrowing may exist) must be approved by the Board and put in the minutes.

### **4.2. Bank Arrangements**

RWA's principal bank is the Westpac. Any change to this arrangement must be by an Board decision and recorded in the minutes.

### **4.3. Investments**

Term deposit investments are made with the Westpac Banking Corporation or upon approval of the Board and recorded in the minutes with other formally registered holders of banking licences.

Interest earned is credited to the general bank account when the invested funds are transferred back into the general bank account. Any interest accrued is credited to the interest received account in the general ledger.

### **4.4. Bank Accounts**

Bank accounts currently held are:

- General Transaction account
- Debit Card trading account
- Equipment Trust operating account
- Clubhouse cheque account
- General Account term deposit
- Equipment Trust account term deposit
- Interstate Capital Fund term deposit
- International Capital Fund term deposit #1
- International Capital Fund term deposit #2
- Joondalup Trust account

RWA's bank accounts are exempt from withdrawal taxes

Special Purpose accounts may be established from time to time to manage funds for specific projects.

## **5. INVENTORY**

### **5.1. Valuation**

If RWA is carrying significant stock, stock takes are done at the close of normal business in October each year. RWA's Auditors will verify the stock take to the extent that this is deemed material or required for audit purposes. Stocks are valued at the lower of historical cost and net realisable value. Once this has been done these figures are recorded in the accounts of RWA.

### **5.2. Items Included in Stock Takes**

All materials held for sale are recorded. All bar items that are for sale are recorded. All regatta medals, uniforms or other material items purchased in advance of use are included.



## **6. PURCHASING**

All purchases of goods and services must be authorised by an appropriate RWA staff member or be made with express authority of the CEO with such authority – refer to the RWA Authority Limits Policy.

## **7. PAYMENTS**

### **7.1. Cheque Payments**

All cheques will have two signatories.

- One approved Board cheque signatory and the Finance Director
- Two approved Board cheque signatories members if the Finance Director is away or unavailable
- The cheque signatories will be approved at an Board meeting and put in the minutes

All cheque requisitions will have a GST invoice or receipt attached or other supporting documentation before payment is made.

The persons signing the cheques must also sign the cheque requisition form to verify that they have seen the invoices/support documentation.

Before any cheque is signed the cheque will be fully completed.

As far as practically possible, All cheques must be crossed 'NOT TRANSFERABLE'.

No cheques are to be designated 'CASH'.

### **7.2. Electronic Payments**

The process for the electronic payment of bills will be:

- Accounts receivable coded and entered into XERO.
- Invoices scanned and saved as PDF.
- Invoices due for payment to be sent to the CEO for approval before entering into Westpac.
- Payments to be entered into Westpac Online Business Banking system.
- Invoices to be sent via email to the CEO and 2 other account signatories (including the Finance Director if available) for approval within Westpac online banking system.
- Once 3 approvals are given for payment within the online banking system, payment is made.
- Accounts officer to reconcile payments upon receipt of monthly statements.

## **8. CASH HANDLING**

All monies received must be officially receipted in XERO and banked as early as possible.

The cash box must be locked away securely at night and when the office is unattended. Responsibility lies first with the finance officer, then the CEO.

All cash held over \$1,000 in total must be banked daily unless prior approval is gained from the CEO.

State Team cash is the responsibility of the CEO, State Team Manager or delegated staff member or volunteer and is handled by them.

All money held, excluding floats, must be banked on or prior to the last working day of the financial year.

Floats should be verified and signed as correct by the CEO on the last day of the year.

## **9. DEBTORS**

All external, club and member charges from RWA must be on an invoice including GST.

Payments from members, clubs and others must be received by the 20th of the month following the statement.

Any overdue accounts will be followed up using the "Overdue Accounts Policy".

Affiliation or eligibility for further services will not be provided for those clubs, bodies or individuals who have outstanding debts of two months or more unless by agreement of the Board or unless the amount outstanding is subject to dispute (and the amount unpaid relates only to the amount disputed)

## **10. PAYROLL**

The CEO is responsible for the engagement of all new employees (except the CEO) and may do so with the assistance of others. The CEO is responsible for determining the terms of employment and formalising this in an employment or services contract.

The Accounts Officer is responsible for maintaining the payroll records with oversight by the Finance Director.

A copy of any employment agreement or significant recurring subcontract arrangement for the provision of services is to be provided to the Accounts Officer and used for payroll purposes.

All permanent employees must have their pay direct credited to a nominated bank account, this will be done on a fortnightly basis.

Part time or casual staff will be paid on a fortnightly basis. A timesheet must be completed and emailed to the Accounts Officer by Monday, 5pm. The timesheet is to show number of hours worked split by principal activities undertaken.

All staff timesheets are to be approved by the appropriate line manager and forwarded to the Accounts Officer on a fortnightly basis.

A copy of any resignations must be filed by the CEO then given to the Accounts Officer for processing.

The part-time and casual wages payment schedule must be approved by the CEO prior to loading into Westpac for payment each fortnight.

## **11. DELEGATED AUTHORITY**

### **11.1. Approval to Spend up to approved Authority Limits**

- Finance Director
- CEO
- Managers

### **11.2. Approval to Sign Contracts on Behalf of RWA**

1 of:

- CEO (or delegated authority)
- President
- Finance Director

## **12. POLICY ON OVERDUE ACCOUNTS**

The standard procedures for dealing with overdue accounts are:

- Debtors are advised that payments are required 30 days following issue of invoice (Noted on the invoice).
- Statements and reminders are automatically sent every 30 days after the date the invoice is due, until the invoice is paid.
- RWA Accounts Officer will advise the CEO of potential bad debts.
- The Board reviews the accounts receivable as part of the financial reports pack at each Board meeting. The Board may provide additional instruction to the CEO and Finance Officer related to bad debts.

This policy applies to all RWA debtors.

## **13. PROCEDURES FOR SETTING RWA INCOME AND EXPENDITURE BUDGETS**

In August each year all managers will be requested by the CEO to present a preliminary budget for the following year.

These budgets must be an accurate assessment of the following years financial income and intended expenditure in line with the strategic plan.

These budgets will be combined and aggregated with the general office budget and reviewed by the CEO.

The predicted fee and service income, grant income and sponsorship support for the following year will be included based on the best information at the time.

The combined budget will be presented to the RWA Board at the September board meeting. Amendments will be made as appropriate.

The modified and refined budget will be presented to the Board for formal approval at the November board meeting. Once accepted, this becomes the official budget.

The approved budget then be presented to the member clubs at the November SGM.

RWA can then begin to make firm plans and commitments for the following year from this budget.

Fine-tuning of the budget can continue to be carried out as more accurate information becomes available from the previous year and from the new year.

## **14. BUDGET SETTING PRIORITY CRITERIA**

### **14.1. Key Cost Categories**

#### **14.1.1. Obligations (Legally Required)**

Costs incurred that are legal obligations regardless of whether RWA is active or not - **Must be paid** eg Salaries/payments, rates, etc

#### **14.1.2. Operational Needs (Required to Keep Going)**

Costs incurred in the course of RWA being active - **Must be paid** eg Power, phone rentals, cleaning, insurance, bank charges, necessary affiliations etc.

#### **14.1.3. Core Program Requirements**

Costs associated with providing the basic services and programs of RWA. These include but are not limited to:

- State competition
- Junior development
- Coach and umpire training and accreditation
- State team management
- Representation at Rowing Australia
- Administration of the sport

**Costs must be incurred, but may be reduced to a greater or lesser degree** eg Travel, training, trophies, level of administrative support, equipment, maintenance, promotion/advertising.

#### 14.1.4. Non-core Service Options

Costs associated with offering more than basic services. These may be considered to include:

- CBRC and Champion Lakes Facility management
- WAIS support
- Equipment fund
- Nationals support and transport for clubs
- Other development projects

**Costs may be reduced or the option cut** e.g. the level of cost subsidy provided, attendance at non-core competitions.

#### 14.2. Budget Priority Setting

All RWA services are important. Unfortunately all compete for a limited pool of funds and will generally need to be prioritised in cash terms. Within the framework above there needs to be an objective guide to where budgets are to be trimmed within categories 3 and 4 if this needs to be done. Within and between service budgets the following priorities shall apply:

1. Obligations and operational needs are top priority.
2. A service requirement should always take precedence over a service option.
3. Core state competition, education and junior development requirements should take priority over all others.
4. A balance should be maintained between participation growth/club support and competition representation-related requirements.
5. A line should always be looked at first in terms of trimming and optimising (including alternative funding) rather than cutting.
6. Long term options outweigh short term options.

### 15. VERSION CONTROL

VERSION	DATE	AUTHOR	COMMENTS
1.3	2014	G. Heath	Updated to meet current staffing changes
2.0	28.03.2022	D. Tackenberg	Updated to meet current org structure and governance standards
3.0	29.08.2022	D. Tackenberg	Increased Staff Debit Card limits