

Statement of Adam Bret Carter


I, **Adam Bret Carter**, General Manager of Corporate Services, of 6 Racecourse Road Deagon, in the State of Queensland, state as follows:

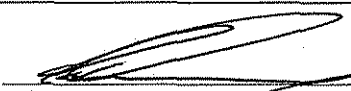
- A. I am currently employed as the General Manager of Corporate Services for Queensland All-Codes Racing Industry Board trading as Racing Queensland (**Racing Queensland**). From 1 May 2013 until 31 July 2013, I was the Acting Chief Executive Officer of Racing Queensland.
- B. Prior to my appointment as the Acting Chief Executive Officer of Racing Queensland I was employed by Racing Queensland Limited (**RQL**) in the following roles:
- 1) as the Acting Chief Executive Officer for the period 26 March 2012 to 30 April 2013;
 - 2) as the Chief Financial Officer for the period 1 July 2010 to 26 March 2012.
- C. Prior to the amalgamation of the greyhound, thoroughbred and harness control bodies on 1 July 2010, I was employed by Queensland Racing Limited (**QRL**), the control body for Thoroughbred racing as the Finance Manager for the period 1 July 2006 to 30 June 2010.
- D. I was employed by the Queensland Thoroughbred Racing Board, QRL's predecessor, as an accountant for the period 3 March 2003 to 30 June 2006.
- E. Before joining the Queensland Thoroughbred Racing Board, I was employed as a financial manager for a safari company in Zimbabwe.
- F. I hold a Bachelor of Commerce from the University of South Africa, and upon my graduation in 1999 I trained at an accounting firm in Zimbabwe.
- G. Attachment "**ABC-1**" [RQL.130.001.0001] is a copy of a Requirement to Provide Written Statement Notice dated 5 July 2013 (**Notice**) directed to me from the Queensland Racing Commission of Inquiry (**Commission**) and received under cover of a letter from the Commission dated 5 July 2013 and received on 8 July 2013. This Statement is provided in response to the Notice.
- H. There have been a number of changes to the control body arrangements in Queensland during the period 1 January 2007 to 30 April 2012 which is defined as the Relevant Period for the purposes of the Notice.

Deponent


Witness

- I. Prior to 1 July 2010, there was a separate control body for each of the three codes of racing in Queensland. In relation to the thoroughbred code of racing, in accordance with s.398 of the Racing Act 2002, QRL was established as the thoroughbred control body on 1 July 2006 and continued to be the thoroughbred control body until 30 June 2010. Immediately prior to 1 July 2006, a statutory body known as the Queensland Thoroughbred Racing Board had been the control body for thoroughbred racing in Queensland. Attachment "ABC-2" is a copy of the QRL constitution dated 2006 [RQL.101.001.3011] and Attachment "ABC-3" is a copy of its constitution dated 16 June 2008 [RQL.103.001.1434].
- J. Prior to 1 July 2008, the Harness Racing Board was the control body for the harness code of racing in Queensland. In accordance with ss.359(6) and 413 of the Racing Act, on 1 July 2008 the Harness Racing Board ceased to be the control body and was replaced by Queensland Harness Racing Limited (QHRL) as the harness control body. In accordance with ss.414(2) and 415 of the Racing Act, QHRL was the successor in law of the Harness Racing Board and all of the assets of the Harness Racing Board, including the business records, became assets of QHRL. Attachment "ABC-4" is a copy of the QHRL constitution [RQL.107.002.0019].
- K. Prior to 1 July 2008, the Greyhound Racing Authority was the control body for the greyhound code of racing in Queensland. In accordance with s.359(6) and 413 of the Racing Act, on 1 July 2008 the Greyhound Racing Authority was dissolved and Greyhounds Queensland Limited (GQL) became the control body for the greyhound code of racing. In accordance with ss.414(1) and 415 of the Racing Act, GQL was the successor in law of the Greyhound Racing Authority and all assets of the Greyhound Racing Authority, including the business records, became assets of GQL.
- L. In accordance with s.428 of the Racing Act, QRL, QHRL and GQL ceased to be the control bodies for their respective codes of racing at midnight on 30 June 2010 and from 1 July 2010 RQL became the control body for greyhound, harness and thoroughbred racing in Queensland.
- M. RQL is a company limited by guarantee. Attachment "ABC-5" is a copy of an undated constitution of RQL [RQL.128.010.0658].
- N. In accordance with s.429 of the Racing Act, on 1 July 2010, all of the assets of QRL, QHRL and GQL, including the books and records of these three entities transferred to RQL.


Deponent


Witness

- O. On 1 May 2013, Racing Queensland (being the business name of the Queensland All Codes Racing Industry Board) was established as a statutory body by s.9AA of the Racing Act and replaced RQL as the control body for the three codes of racing in Queensland.
- P. In accordance with s.447 of the Racing Act, all assets of RQL including the books and records of RQL, transferred to Racing Queensland on 1 May 2013.
- Q. Copies of historical ASIC Extracts for each of the incorporated entities mentioned above appear as attachments to this Statement:
- 1) RQL Historical ASIC Extract dated 24 June 2013 appears as Attachment "ABC-6" to this Statement [RQL.135.001.0001];
 - 2) QRL Historical ASIC Extract dated 24 June 2013 appears as Attachment "ABC-7" to this Statement [RQL.135.001.0005];
 - 3) QHRL Historical ASIC Extract dated 24 June 2013 appears as Attachment "ABC-8" to this Statement [RQL.135.001.0014]; and
 - 4) GQL Historical ASIC Extract dated 24 June 2013 appears as Attachment "ABC-9" to this Statement [RQL.135.001.0010].
- R. For the purposes of responding to the Notice and preparing this Statement I have, in my position as General Manager of Corporate Services of Racing Queensland, had access to:
- 1) the business records of Racing Queensland; and
 - 2) officers of Racing Queensland,
- to obtain information to provide a response to the Notice. As a result of the statutory transitional arrangements outlined in paragraphs H to P of this Statement, the business records of Racing Queensland include the historical business records of the former control bodies to the extent that these business records have been transferred.
- S. Unless otherwise stated, the matters set out in this Statement are based on my own knowledge or the information derived from the above sources. I have necessarily relied on officers of Racing Queensland to assist me in preparing this Statement. While I am familiar with the matters dealt with in this Statement, I was the Acting Chief Executive Officer as well as the



Deponent



Witness

General Manager of Corporate Services of a large organisation and therefore I am not necessarily familiar with all of the detail.

- T. The documents from the above sources and attached to this Statement have been collated by officers of Racing Queensland under my instruction.
- U. I set out below my responses to each of the questions set out in the Notice.

1. CONTRACT MANAGEMENT AND FINANCIAL ACCOUNTABILITY (paragraph 3(a) of the Terms of Reference)

1.1 In respect of the procurement, contract management and financial accountability of the **Relevant Entities** during the **Relevant Period** what were the:

- (a) policies;
- (b) processes;
- (c) guidelines; and
- (d) measures which were used to ensure contracts which were awarded delivered value for money.

1.2 In respect of the policies, processes, guidelines and measures were they adhered to?

1.3 Events surrounding all contractual arrangements between the **Relevant Entities** and Contour Consulting Engineers Pty Ltd ("**Contour**") including those contracts where Contour was contracted to manage contracts on behalf of the **Relevant Entities**.

1.4 In respect of contracts which were entered into between the **Relevant Entities** and **Contour**:

- (a) Whether each contract was underpinned by procurement practices;
- (b) Whether, for each contract, payment policies and processes:
 - (i) were implemented; and
 - (ii) were adhered to.

Harness Racing Board and Queensland Harness Racing Limited

1. I have caused for a search to be undertaken of Racing Queensland's business records for documents relevant to the policies, processes, guidelines and measures which were used to ensure contracts which were awarded delivered value for money.
2. I have identified a Financial Management Policy dated 2010, a copy of which appears at Attachment "**ABC-10**" to this Statement [RQL.134.002.0001].
3. I understand that for the period 1 January 2007 to 30 June 2008, the State Purchasing Policy applied to the Harness Racing Board as it was a statutory body. Attachment "**ABC-11**" is a copy of the State Purchasing Policy (Second Edition, published 2004) [RQL.127.003.0001].

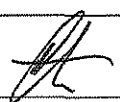
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4. The documents referred to above formed part of the documents made available to me by Tracey Harris, former Chief Financial Officer of QHRL, prior to the amalgamation on 1 July 2010.
5. I have no personal knowledge as to whether the policies and procedures identified above were adhered to by the Harness Racing Board or QHRL, or whether there were any additional policies or procedures relating to procurement implemented by the Harness Racing Board or QHRL during the Relevant Period.
6. I am not aware of any contractual arrangements between Contour and the Harness Racing Board or QHRL during the Relevant Period.

Greyhound Racing Authority and Greyhound Queensland Limited

7. I have caused for a search to be undertaken of Racing Queensland's business records for documents relevant to the policies, processes, guidelines and measures which were used to ensure contracts which were awarded delivered value for money.
8. I have identified a copy of the GQL Policies and Procedures Manual which contains the Purchasing Policy (**Policy Manual**). Based on my review of that manual (on the fifth page of the document), it appears that it was adopted by the Greyhound Racing Authority on 7 December 2005 and then adopted by GQL on 1 July 2008 (the document also appears to have been updated on 25 September 2008). Attachment "ABC-12" to this Statement is a copy of the Policy Manual containing the Purchasing Policy [RQL.109.003.4909].
9. I have also identified a Financial Management Policy prepared by the Greyhound Racing Authority and dated April 2001, a copy of which appears as Attachment "ABC-13" to this Statement [RQL.136.007.0001].
10. I understand that for the period 1 January 2007 to 30 June 2008, the State Purchasing Policy applied to GRA as it was a statutory body. A copy of the State Purchasing Policy (Second Edition published 2004) appears above as Attachment "ABC-11" to this Statement.
11. I have no personal knowledge as to whether the policies and procedures identified above were adhered to by the Greyhound Racing Authority and GQL or whether there were additional policies or procedures relating to procurement implemented by the Greyhound Racing Authority or GQL during the Relevant Period.


Deponent


Witness


12. I am not aware of any contractual arrangements between Contour and the Greyhound Racing Authority or GQL during the relevant period.

Queensland Racing Limited


13. I have identified the following policies, processes, guidelines and measures which were used by QRL to ensure contracts which were awarded delivered value for money:

- (a) Financial Management Practices Manual (the **FMPM**). It appears from the first page of the Manual that it was created in or about July 2003, and was updated until 11 May 2007. Following this date, individual policies were continued to be updated rather than the Manual as a whole. Attachment "**ABC-14**" to this Statement is a copy of the Manual [RQL.109.002.3827];
- (b) QRL Purchasing Policy (various versions from November 2006 to May 2009). The various versions of the QRL Purchasing Policy appear as Attachments "**ABC-15**" [RQL.109.001.0200], "**ABC-16**" [RQL.109.001.1088], "**ABC-17**" [RQL.109.007.4257] and "**ABC-18**" [RQL.109.005.0557] to this Statement;
- (c) Expense Reimbursement Policy (created in January 2003 and updated until 13 April 2007). Attachment "**ABC-19**" to this Statement is a copy of the Expense Reimbursement Policy [RQL.109.001.1070];
- (d) Policy for QRL's Commercial Decision-Making (issued in April 2005 and reviewed in November 2008). The various versions of the QRL Commercial Decision-Making Policy appear as Attachments "**ABC-20**" [RQL.109.004.0857] and "**ABC-21**" [RQL.109.004.3160] to this Statement; and
- (e) There are a number of procedures that were followed by employees within the finance department of QRL. By way of example, there was a procedure for raising a purchase order (a copy of which appears at Attachment "**ABC-22**" to this Statement [RQL.109.001.0224]). That is not to say that there were not other procedures of QRL, however, for the purposes of this Statement I have provided this example only.

14. The review and updating of the section 81 policies was the responsibility of Corporate Counsel. My understanding of the procedure undertaken by Corporate Counsel was to



Deponent



Witness

circulate drafts of updated policies from time to time to the managers of the different departments (including me) for their review and feedback.

15. As part of my role as Finance Manager for QRL, I was involved in the development and ongoing review of the QRL Purchasing Policy. The QRL Purchasing Policy was underpinned by 6 key principles:
- (a) Value for Money;
 - (b) Quality of product, service and support;
 - (c) Open and fair competition;
 - (d) Accountability of outcomes;
 - (e) Use of Queensland product where price competitive and where quality standards are met; and
 - (f) Suppliers are compliant with all taxation requirements.
16. The QRL Purchasing Policy was regularly reviewed by the Finance Team and updated to incorporate new and additional requirements.
17. As part of the ongoing review of QRL procurement and purchasing policies, in late 2008 / early 2009 I recommended to the Finance, Audit and Risk Committee that a new system be implemented for the purposes of raising online purchase orders with appropriate delegations. The system I recommended was an 'Internet-Based Purchase Order System' (IPOS) which was integrated with the existing 'Sun' accounting system. Part of the reason for recommending this system was to ensure that purchase orders were raised prior to goods being ordered and to allow the automatic authorisation of purchasing with appropriate delegation.
18. In addition, Deloitte Touche Tohmatsu were engaged by QRL to undertake Internal Audit Services for the organisation. This review included an assessment of the use of IPOS as well as the application of the QRL Purchasing Policy. Attachment "ABC-23" to this Statement is a copy of a report prepared by Deloitte Touche Tomatsu dated June 2009 following that review [RQL.109.007.3543].
19. The report prepared by Deloitte Touche Tohmatsu dated June 2009 was tabled at the Finance, Audit and Risk Committee meeting on 26 June 2009. Attachment "ABC-24" to this Statement

Deponent

Witness

is a bundle of documents including a copy of the agenda and minutes of the meeting of the Finance, Audit and Risk Committee held on 26 June 2009 [RQL.125.001.0921]. The 'Action Sheet' accompanying those minutes records that the committee intended to finalise the further recommendations from Deloitte in the FMPM. However, ultimately the full implementation of IPOS was resisted by operational management and put on hold pending the upcoming amalgamation of the three codes.


20. From a financial accountability perspective, QRL's Purchasing Policy was complemented by a number of additional policies and procedures including the FMPM.
21. To my knowledge, and based on the records maintained by the Finance Department, the FMPM was first established by QRL's predecessor the Thoroughbred Racing Board in July 2003. At that time, it was a requirement of the Financial Administration and Accountability Act 1977 (FAA Act) that the Thoroughbred Racing Board have a FMPM.
22. Although QRL was not subject to a legislative requirement to maintain a FMPM under the FAA Act, the FMPM continued to be implemented and applied by QRL. The FMPM was updated and continued to be applied by QRL.
23. I have set out at paragraphs 60 to 75 below a summary of the contractual relationships between Contour and any of QRL, RQL or Sunshine Coast Racing.

Racing Queensland Limited

24. As from 1 July 2010, there was an amalgamation of the three codes (being QHRL, GQL and QRL). As part of the amalgamation process there were various procedures to be followed including the establishment of a Three Code Implementation Committee (3CIC) to implement the amalgamation.
25. I was a member of the 3CIC and the finance representative. As part of my role, I was responsible for ensuring the financial function of each of the three codes was transitioned to RQL. This included:
 - (a) the review and amalgamation of various financial and human resources policies and procedures;
 - (b) the amalgamation of the financial systems of the three codes, including bank accounts and accounting software;



Deponent



Witness

- (c) calculating entitlements for those employees who transitioned to RQL as well as those employees who did not transition and took a voluntary redundancy; and
- (d) consolidation of each of the three codes' insurance arrangements.

26. The 3CIC met on a regular basis from the beginning of January 2010.

27. I have identified the following policies, processes, guidelines and measures which were used by RQL to ensure contracts which were awarded delivered value for money:

- (a) Purchasing Policy (created in May 2010 and updated to 16 November 2012). Copies of the various versions of the Purchasing Policy appear at Attachments "ABC-25" [RQL.109.009.1641], "ABC-26" [RQL.109.010.3825], "ABC-27" [RQL.101.006.4490] and "ABC-28" [RQL.109.011.3811] to this Statement;
- (b) Addendum to the Purchasing Policy (created on 25 November 2011 and updated to 19 March 2012). Copies of the various versions of the Addendum to the Purchasing Policy appear at Attachments "ABC-29" [RQL.118.013.0190], "ABC-30" [RQL.109.011.3830] and "ABC-31" [RQL.109.012.1273] to this Statement;
- (c) Internal Financial Process (created 25 November 2011, updated to 19 March 2012) [RQL.109.011.3388]. This document was used to supplement the Purchasing Policy and Addendum for the purposes of processing payments to be made by RQL;
- (d) Finance, Audit and Risk Committee Charter (dated 21 June 2010). Attachment "ABC-32" to this Statement is a copy of a charter of the committee dated 3 June 2005 [RQL.118.014.0082], and Attachment "ABC-33" is a copy of a charter of the committee dated 1 July 2010 [RQL.136.002.0077]. The charter sets out the obligations and responsibilities of a sub-committee of the board dealing with issues of audit, risk and finance;
- (e) Policy for Commercial Decision-Making (created on 1 July 2010, updated to September 2010) . Copies of the various versions of the

Deponent


Witness

Policy for Commercial Decision-Making appear as Attachments "ABC-34" [RQL.101.004.2365] and "ABC-35" [RQL.109.010.2352] to this Statement;


- (f) TAB Club Capital Works Policy (created on 1 July 2010, updated to September 2010). Copies of the various versions of the TAB Club Capital Works Policy appear as Attachments "ABC-36" [RQL.101.004.2357] and "ABC-37" [RQL.109.010.2564] to this Statement;
- (g) Expense Reimbursement Policy (created in May 2010, updated to July 2010. Attachment "ABC-38" [RQL.109.009.1666] to this Statement is a copy of the Expense Reimbursement Policy;
- (h) Motor Vehicle Policy (created on 1 February 2011). Attachment "ABC-39" [RQL.109.010.1321] to this Statement is a copy of the Motor Vehicle Policy;
- (i) Cash Management and Investment Policy (first approved on 4 November 2011). Attachment "ABC-40" [RQL.109.011.2130] to this Statement is a copy of the Cash Management and Investment Policy;
- (j) Credit Policy (first approved on 1 July 2010). Attachment "ABC-41" [RQL.109.008.3653] to this Statement is a copy of the Credit Policy;
- (k) Gifts and Benefits Policy (first approved on 1 July 2010, amended to 16 November 2012). Attachment "ABC-42" [RQL.109.012.1796] to this Statement is a copy of the Gifts and Benefits Policy; and
- (l) Risk Management Policy (created on 1 July 2010 and revised to September 2010). Attachment "ABC-43" [RQL.109.011.1785] to this Statement is a copy of Risk Management Policy.

Finance, Audit and Risk Committee

28. Relevantly, from before and during the period from 1 January 2007 to 30 April 2012 a committee formed by the board was in place for the purposes of considering matters such as audit, finance and risk (the **Finance, Audit and Risk Committee**).




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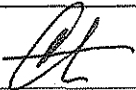
A copy of the charter of the Finance, Audit and Risk Committee appears as Attachment "ABC-33" to this Statement.

29. The Finance, Audit and Risk Committee was originally known as the Audit Committee, and was known as the Finance, Audit and Risk Committee from August 2010.
30. At all relevant times I was a member of the Finance, Audit and Risk Committee. The members of the Finance, Audit and Risk Committee changed from time to time, however, relevantly the chairpersons were as follows:
- (a) Michael Lambert, for the period February 2007 to August 2009; and
 - (b) Bradley Ryan, for the period January 2010 until his resignation on 31 July 2012.
31. Copies of the minutes of meetings of the Finance, Audit and Risk Committee, or agendas where minutes are not available, appear as attachments to this statement:
- (a) Attachment "ABC-44" [RQL.124.003.0011] to this Statement is a copy of minutes dated 2 February 2007;
 - (b) Attachment "ABC-45" [RQL.124.003.0002] to this Statement is a copy of minutes dated 1 June 2007;
 - (c) Attachment "ABC-46" [RQL.124.003.0019] to this Statement is a copy of minutes dated 3 August 2007;
 - (d) Attachment "ABC-47" [RQL.124.003.0749] to this Statement is a copy of minutes dated 7 September 2007;
 - (e) Attachment "ABC-48" [RQL.124.003.0743] to this Statement is a copy of minutes dated 7 December 2007;
 - (f) Attachments "ABC-49" [RQL.123.002.0957] and "ABC-50" [RQL.123.002.0966] to this Statement comprise a copy of minutes dated 7 March 2008;



Deponent


Witness

- (g) Attachment "ABC-51" [RQL.123.002.1298] to this Statement is a copy of minutes dated 6 June 2008;
- (h) Attachment "ABC-52" [RQL.123.002.0851] to this Statement is a copy of minutes dated 8 August 2008;
- (i) Attachment "ABC-53" [RQL.123.002.0003] to this Statement is a copy of minutes dated 5 September 2008;
- (j) Attachment "ABC-54" [RQL.123.002.0325] to this Statement is a copy of minutes dated 6 March 2009;
- (k) Attachment "ABC-55" [RQL.123.002.0638] to this Statement is a copy of minutes dated 1 May 2009;
- (l) Attachment "ABC-56" [RQL.123.004.1464] to this Statement is a copy of minutes dated 26 June 2009;
- (m) Attachment "ABC-57" [RQL.125.001.1446] to this Statement is a copy of a bundle of documents including an agenda for a meeting of the committee dated 7 August 2009 (the agenda appears at page RQL.125.001.1447 of that document);
- (n) Attachment "ABC-58" [RQL.118.014.0070] to this Statement is a copy of minutes dated 15 January 2010;
- (o) Attachment "ABC-59" [RQL.118.015.0004] to this Statement is a copy of minutes dated 3 February 2010;
- (p) Attachment "ABC-60" [RQL.118.015.0002] to this Statement is a copy of an agenda for a meeting of the committee on 1 April 2010;
- (q) Attachment "ABC-61" [RQL.124.003.0760] to this Statement is a copy of minutes dated 5 August 2010 (I note the first page is dated 10 June 2011);
- (r) Attachment "ABC-62" [RQL.125.002.0877] to this Statement is a copy of a bundle of documents including minutes dated 6 December 2010 (the minutes commence at page RQL.125.002.0880 of the document);



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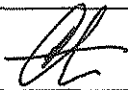
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- (s) Attachment "ABC-63" [RQL.136.002.0033] to this Statement is a copy of minutes dated 4 February 2011;
- (t) Attachment "ABC-64" [RQL.124.003.0754] to this Statement is a copy of minutes dated 10 June 2011;
- (u) Attachment "ABC-65" [RQL.125.002.0187] to this Statement is a copy of a bundle of documents including minutes dated 11 August 2011 (the minutes commence at page RQL.125.002.0189 of the document);
- (v) Attachment "ABC-66" [RQL.123.004.0298] to this Statement is a copy of a bundle of documents including minutes dated 10 October 2011 (the minutes commence at page RQL.125.004.0338 of the document); and
- (w) Attachment "ABC-67" [RQL.118.016.0009] to this Statement is a copy of minutes dated 19 March 2012.

32. There was a standing invitation for both the Chief Executive Officer and the Senior Corporate Counsel to attend meetings of the Finance, Audit and Risk Committee. Paragraph 4.4 of the charter dated 1 July 2010 provides that "*The Chief Executive Officer, Chief Financial Officer and Senior Corporate Counsel shall have standing invitations to attend all AFRC meetings*". A copy of the Charter dated 1 July 2010 appears above at Attachment "ABC-33" to this Statement. I recall that the Chief Executive Officer or Senior Corporate Counsel were rarely in attendance at committee meetings.

33. The Finance, Audit and Risk Committee relevantly considered the following:

- (a) the external audit function undertaken during this period by Damian Wright of BDO, including the interim and final audits of the annual financial statements;
- (b) the internal audit undertaken by Mr Carl Gerrard of Deloitte Touche Tomatsu, including the annual internal audit plan (approximately five each year) and the compliance reviews. I have attached to this statement, by way of example:




Deponent



Witness

- A. A report prepared by Deloitte Touche Tomatsu dated 27 May 2008 and entitled '*Assessment of Commercial Horses Assistance Payments Scheme (CHAPS) Reconciliation Process*', a copy of which appears as Attachment "ABC-68" [RQL.136.005.0035];
- B. A Finance, Audit and Risk Committee Paper dated 6 June 2008 regarding the Commercial Horse Assistance Payment Scheme (CHAPS) and EI Hardship Grant Assessment Review, a copy of which appears as Attachment "ABC-69" [RQL.136.005.0253];
- C. A Finance, Audit and Risk Committee Paper dated 8 August 2008 regarding the Commercial Horse Assistance Payment Scheme (CHAPS) Assessment Review, a copy of which appears as Attachment "ABC-70" [RQL.136.005.0265];
- D. A Finance, Audit and Risk Committee Paper dated 6 March 2009 regarding a Payroll Processing Review, a copy of which appears as Attachment "ABC-71" [RQL.136.005.0259];
- E. A Finance, Audit and Risk Committee Paper dated 26 June 2009 regarding a Payroll Processing Review, a copy of which appears as Attachment "ABC-72" [RQL.136.005.0261];
- F. A Finance, Audit and Risk Committee Paper dated 26 June 2009 regarding a Purchasing Review, a copy of which appears as Attachment "ABC-73" [RQL.136.005.0263];
- G. A report prepared by Deloitte Touche Tomatsu (in draft form) dated February 2010 regarding Third-Party Agreements, a copy of which appears as Attachment "ABC-74" [RQL.136.005.0163]; and
- H. A Finance, Audit and Risk Committee Paper dated 1 April 2010 regarding Third-Party Agreements, a copy of which appears as Attachment "ABC-75" [RQL.136.005.0268].


Deponent


Witness


- (c) prior to 1 July 2010, part of the function of the committee was to consider the financial and business improvement reviews of each of the thoroughbred clubs. From 1 July 2010, that was no longer part of the considerations of the committee;
- (d) recommendations for updates or changes to financial policies and procedures, including the consideration of debtors and the application of the credit policy.

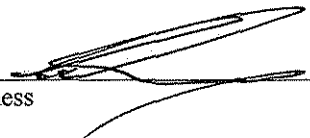
34. During the relevant period there were a number of recommendations made by me (and others from the finance team at my direction) to the Finance, Audit and Risk Committee in relation to various matters. I outline below a number of the relevant recommendations during that period:

- (a) the introduction of a credit policy;
- (b) the introduction of a cash/investment policy;
- (c) the introduction of 'IPOS';
- (d) an upgrade from 'Sun 4' accounting system to 'Sun 5.2' following an optimisation review;
- (e) the introduction of a purchasing policy;
- (f) to move to a monthly pay cycle in place of a fortnightly pay cycle;
- (g) a review of third party agreements; and
- (h) the introduction of a compliance reporting system, to ensure compliance with statutory obligations and government funding deeds.

35. After the recommendations were made by the Finance, Audit and Risk Committee it was then the responsibility of the appropriate manager to introduce the recommendations into that area of the business.

36. I had a concern at or about the time of the amalgamation that QRL (and subsequently RQL) had a high level of debt over 90 days. As a result I recommended that in the first instance a specific credit policy be developed from


Deponent


Witness

May 2010 and approved from 1 July 2010. A copy of the credit policy appears above as Attachment "ABC-41" to this Statement.

37. Prior to December 2010 there was no cash and investment policy which allowed for the investment of funds to maximise returns to QRL and subsequently RQL. As a result, I made a recommendation to the Finance, Audit and Risk Committee at its meeting on 6 December 2010 for the implementation of a formal cash management and investment policy. A copy of the cash management and investment policy appears above as Attachment "ABC-40" to this Statement.
38. Up until early 2009, the procedure for the procurement of goods and services was largely a manual process where finance staff received invoices and would seek to match the invoice to appropriate documents which made up the incurring of that cost. Often this would involve someone with appropriate delegation hand-writing approvals on copies of invoices.
39. I recall that on a regular basis, as head of finance, I would be confronted with an invoice from a third party supplier that the finance department had no knowledge of the goods or services being procured. This problem resulted from the failure of a number of areas of the company, including the product development and industry infrastructure teams. The personnel in these areas on a regular basis failed to fill out purchase orders. I have a recollection of one of my staff, the accounts payable finance officer, having to physically visit these sections of the company premises and require relevant officers to sign a copy of the invoice to permit the processing of the payment. By way of example, Attachment "ABC-76" to this Statement is a copy of a letter from Contour to QRL dated 25 September 2008 approved by Reid Sanders and Malcolm Tuttle [RQL.136.004.1513].
40. I had attempted to have the relevant sections of the office complete the necessary purchase orders by reinforcing with their managers the necessity to complete the documentation to allow processing of invoices. However, despite my attempts this was not adhered to. A report that I commissioned by Deloitte Touche Tomatsu and dated June 2009 confirmed my concerns with respect to the continued failure to comply with the purchasing policy requirements. A copy of the report prepared by Deloitte Touche Tomatsu appears above as Attachment "ABC-23" to this Statement.

Deponent

Witness

41. I was concerned that the manual method of processing was:
- (a) inefficient;
 - (b) difficult to keep track of appropriate delegations for approval;
 - (c) difficult for the purposes of maintaining an effective record for the purposes of accounting and auditing; and
 - (d) out-dated.
42. As a result, I made a recommendation to the Finance, Audit and Risk Committee that an optimisation review be undertaken by Professional Advantage (our accounting consultants in respect of the existing 'Sun' system). Attachment "ABC-77" to this Statement is a copy of the Optimisation Review prepared by Professional Advantage dated 23 June 2006 [RQL.136.005.0210].
43. That review resulted in, among other things, a recommendation that an IPOS be implemented. Attachment "ABC-78" to this Statement is a copy of an 'IPOS System Design Document' dated 2 February 2009 [RQL.136.005.0051].
44. The IPOS required that purchase orders be raised with appropriate delegation, and when invoices were raised they were required to be matched against the appropriate purchase order. A failure to raise a purchase order meant that the invoice could not be processed.

Industry Infrastructure Plan Control Group Meeting

45. The purpose of the creation of the Industry Infrastructure Plan Control Group (the **Control Group**) was to develop an agenda in terms of overarching management of delivery of the industry infrastructure plan. The industry infrastructure plan was designed to obtain funding from government for the improvement of racing infrastructure throughout Queensland. Attachment "ABC-79" to this Statement is a copy of the charter for the Control Group [RQL.101.005.3167].
46. The first meeting of the Control Group occurred on 21 July 2011.
47. On 4 October 2011, I spoke with Carl Gerrard of Deloitte Touche Tomatsu regarding some areas that they could assist in reviewing the project governance and

Deponent

Witness

risk management for the industry infrastructure plan. Following that telephone call, Mr Gerrard sent an email to me on 5 October 2011 setting out the issues for consideration with respect to the industry infrastructure plan and the work that I wished them to complete. Attachment "**ABC-80**" to this Statement is a copy of Mr Gerrard's email to me dated 5 October 2011 [RQL.136.004.0064]

48. Attachment "**ABC-81**" to this Statement is a copy of the minutes of the Control Group meeting dated 10 November 2011[RQL.110.004.0141]. I was not present at that meeting as I was on annual leave, but I returned for the meeting of 17 November 2011 when I reviewed a copy of the draft minutes of the Control Group dated 10 November 2011. At Item 6 of those minutes, a concern is raised with respect to acquittal of monies provided pursuant to funding deeds. This concern is similar to the concern I had expressed earlier and for which I had commenced the Deloitte Touche Tomatsu review.
49. I recall that on or about 20 December 2011 I directed Jeff Zeppa, a compliance accountant who worked for me at RQL, to undertake a full internal audit of the process of engagement of consultants and the payment of invoices for the industry infrastructure plan. Attachment "**ABC-82**" to this Statement is a copy of the minutes of the Control Group meeting of 8 December 2011, which record at Item 6 that an internal audit was to be undertaken [RQL.110.004.0023].
50. That compliance audit revealed a number of deficiencies in the raising of purchase orders and the appropriate authorisations and delegations. Attachment "**ABC-83**" to this Statement is a copy of a paper of the Control Group dated 8 March 2012 and entitled '*Audit Review IIPLN*' [RQL.136.005.0271].
51. Also at this time, I directed Ron Mathofer, a business analyst who worked for me at RQL, to prepare an addendum to the RQL Purchasing Policy. That addendum was tabled at the meeting of the Control Group on 8 December 2011. Amendments were suggested at that meeting, and the addendum was subsequently approved at meeting of the board of RQL on 19 March 2012. Attachment "**ABC-84**" to this Statement is a copy of the minutes of the meeting of the board of RQL dated 19 March 2012 [RQL.104.005.0170]. Item 2.3 of those minutes records the approval of the addendum to the Purchasing Policy. The addendum detailed the approval process in light of the State Purchasing Policy, and was developed to ensure all



Deponent



Witness

projects funded were completed in an accountable and transparent manner to the highest standards. The RQL Purchasing Policy and the addendum formed the basis upon which the Control Group was guided in the procurement of goods and services relating to the projects that made up the industry infrastructure plan.

52. An IPOS system was introduced in January to March 2012, to ensure that there was strict compliance with the RQL Purchasing Policy. The IPOS system was only fully implemented after the executives of RQL resigned on 26 March 2012.

53. In April 2012, Deloitte Touche Tomatsu completed a draft report entitled 'Purchasing & Infrastructure Planning'. Attachment "ABC-85" to this Statement is a copy of that draft report [RQL.136.005.0194]. It highlighted a number of deficiencies in the raising of purchase orders and the appropriate authorisations and delegations. In particular, the report classified the engagement of Contour as a 'major risk' and noted that:


[at page 4] "No signed contract could be identified for Contour Consulting Engineering. A lack of a contract management policy and procedures and the need for a Procurement Officer has also been identified."

[at page 6] "2. We observed the lack of documented guidelines relating to the contract management process. We could obtain a signed contract between RQL and Contour Consulting Engineers (Contour) for the infrastructure projects managed by Contour. A signed contract was provided to Internal Audit on the 13th April, the contract was signed by the Chairman on the 29th March."

54. Attachment "ABC-86" to this Statement is a copy of a Contour Consulting Services Agreement signed by the Chairman on 29 March 2012 [RQL.110.001.0024]. The payments to Contour were made without a signed agreement until the Chairman signed off on 29 March 2012.

55. Consequent upon the draft Deloitte Touche Tomatsu report, I introduced the recommendations from the report set out in paragraph 288 below.

56. On 1 December 2011, a further meeting of the Control Group was conducted. I was not present, but authorised Mr Mathofer to attend. Attachment "ABC-87" to this Statement is a copy of the minutes of the Control Group meeting on 1 December



Deponent




Witness


2011 [RQL.110.004.0080]. I have subsequently read the minutes and under Item 5 'Other Business' Mr Snowden advised that he had received two invoices from Contour for \$212,000.00 and \$70,000.00 for work undertaken by Contour without approval. As no authorisation existed I recall that the finance department had not approved payment of these invoices. Those invoices were paid on 10 February 2012. I have attached to this statement various versions of a Contour tax invoice (no. INV02196) dated 10 November 2011:

- (a) Attachment "**ABC-88**" [RQL.119.003.0058]. I note that this version includes the signatures of Mark Snowden, Malcolm Tuttle and Bob Bentley. I do not know the date on which any of them signed that invoice;
- (b) Attachment "**ABC-89**" [RQL.110.004.0133];
- (c) Attachment "**ABC-90**" [RQL.110.002.0799]. I recognise this version as the version of the invoice that was entered into the accounting system for RQL, as:
 - (i) it has a stamp with the date 7 February 2012 in the top right-hand corner;
 - (ii) it has another stamp entitled "Entered";
 - (iii) it includes next to the words "passed for payment" the client code for Contour being "CZContour"; and
 - (iv) I recognise the signatures of Mark Snowden and Malcolm Tuttle authorising payment of the invoice.

57. Attachment "**ABC-91**" to this Statement is an email exchange between Malcolm Tuttle and I of 1 March 2012, in which I confirm that the invoices were paid on 10 February 2012 [RQL.136.005.0191].

58. On 5 December 2011, the Queensland Government approved \$2.750m for the purposes of reimbursing RQL for the cost of engaging external consultants for the industry infrastructure plan. Attachment "**ABC-92**" to this Statement is a copy of a letter dated 5 December 2011 from Andrew Fraser to RQL [RQL.118.013.0461].


Deponent


Witness

59. At some time prior to the approval from the Queensland Government for the reimbursement of RQL, I attended a meeting at the Office of Racing with Mike Kelly, Bob Bentley and Jeff Zeppa. At that meeting, Mr Kelly said words to the effect of 'you need to make sure that all invoices are approved and 110% correct, as you will be audited'. I took this to mean that Mr Kelly wanted to ensure that all of the work that had been undertaken was properly supported by relevant documentation including invoices. I caused this documentation (including invoices) to be collated and I believe that task was completed at some time prior to 5 December 2011.

Events surrounding contractual arrangements with Contour

60. I was not involved in any of the contract negotiations for the retention of Contour in relation to the various projects they undertook for QRL and subsequently RQL.
61. I am aware that the first occasion when Contour were retained related to the redevelopment of the track at Caloundra. I was not involved in their retention as consultants but became aware of that decision when their invoices were forwarded to the finance department.
62. My recollection is that their initial engagement was by QRL and that they subsequently replaced Arben Management, the project consultants, with respect to the Caloundra track redevelopment.
63. In relation to their initial retention for the first part of the Caloundra track redevelopment, I considered that they were properly engaged and had no concerns with respect to payment of their invoices.
64. However, it need be noted that at this time there was no IPOS system in existence and therefore on a regular basis approvals for their invoices would be hand-written authorisations on the invoices by people such as Paul Brennan (Director of Product Development), Malcolm Tuttle (Chief Executive Officer) and Mark Snowden (Project Manager). I also recall instances where the Chairman, Mr Bentley, directly approved the payment of Contour invoices. I did not consider I was in a position to challenge any invoice signed off by the appropriate delegated officer.



Deponent



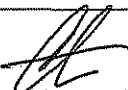
Witness

65. I recall that from time to time I would also authorise payments to Contour within my delegation. I would seek confirmation from either the project manager or other staff who had knowledge of the project that the work was completed prior to authorising the payment to Contour.
66. With respect to contracts entered into with third party suppliers, the RQL practice was for the details of the contract to be entered into a contract register kept in the legal department. I subsequently became aware that the register was not maintained.
67. In or around November 2012, I prepared, together with Jason Swemmer (Risk Management Consultant) and Sharon Drew (Finance Manager), a draft 'Status Report - Contour as at 23 November 2012'. Attachment "ABC-93" to this Statement is a copy of that report [RQL.111.018.0329]. It was prepared for the purposes of discussing the concerns held by RQL regarding the relationship with Contour arising out of the resignation of Mr Brennan and Mr Tuttle and their subsequent employment with Contour. Those discussions were held on 23 November 2012 with the Queensland Audit Office and the Crime and Misconduct Commission following an investigation by the Queensland Audit Office and notification by RQL to the Crime and Misconduct Commission.
68. Following those discussions, RQL were instructed to engage Deloitte Touche Tomatsu to undertake a review of RQL's procurement practices. Ultimately, Deloitte Touche Tomatsu produced a report dated 29 April 2013 and entitled "Racing Queensland Limited - Examination of Procurement Processes". Attachment "ABC-94" to this Statement is a copy of that report [RQL.109.012.4886]. A copy of that report was provided to the Queensland Audit Office, the Crime and Misconduct Commission and the Minister for National Parks, Recreation, Sport and Racing.
69. As part of a review into contracts awarded to Contour, I determined that only \$3.19m of \$5.99m in contract fees were logged to the register. I recall that I physically checked the register and the individual contracts with Contour that totalled \$3.19m.


Deponent


Witness

70. I am now aware that not all contracts were entered into the register. By way of example, I am now aware following the review undertaken by myself, Jason Swemmer and Sharon Drew, that Mr Paul Brennan and Mr Mark Snowden kept some contracts in their possession either in hard-copy or electronically.
71. It was not part of the procedure of the finance department that the staff would check the contracts register when processing a payment authorised by a delegated officer. Subsequently, since mid 2012 a process exists whereby the contracts register is checked and the project manager is required to attach a progress payment certificate reconciling the project value and authorising the payment of the invoice. If the value of the invoice is above the delegated authority of the project manager, the invoice must be signed off by either the General Manager of Operations or the Chief Executive Officer. Racing Queensland has now introduced a contracts administrator.
72. In relation to the usual procedure in the period 2007 to May 2009 and then from January 2010 to March 2012, a purchase order would first be checked to determine if one existed in relation to the invoice. Once that checking was completed, a member of the finance department would note the purchase order on the invoice.
73. The invoice would require authorisation by an appropriately delegated officer. I have reviewed some of the Contour invoices for the construction of the synthetic track at Toowoomba, and note that various people approved the invoices including the Chairman, Mr Bentley, the Chief Executive Officer, Mr Tuttle, the Director of Product Development, Mr Brennan, the Senior Corporate Counsel, Ms Murray, and the Project Manager, Mark Snowden. Aside from Ms Murray, it was usual that one of the other four named officers signed off approval for a Contour invoice.
74. This procedure was necessary as there was no electronic system in place, except in the period June 2009 to January 2010 (and then after March 2012). I have described above the electronic IPOS system, which I favoured as a more efficient and accurate accounting system and which I subsequently introduced in my capacity as Acting Chief Executive Officer.


Deponent


Witness

75. From the review I conducted and from my perusal of the Deloitte report, there has been no indication that any fraudulent activity was undertaken by either employees of RQL or Contour.
76. I have outlined in paragraph 289 below improvements to the business of Racing Queensland since my appointment as Acting Chief Executive Officer, some of which arise from the reviews undertaken by Deloitte and the Queensland Audit Office.

2. MANAGEMENT (paragraph 3(b) of the Terms of Reference)

2.1 As to the Relevant Entities during the Relevant Period, the

- (a) management policies;
 - (b) management processes;
 - (c) management guidelines; and
 - (d) workplace culture and practices
- that were in place and whether each one:

- (a) ensured integrity; and
- (b) was adhered to.

2.2 The involvement of the boards or members of the boards of the Relevant Entities in the exercise of functions of:

- (a) the executive management team; and
- (b) other key management personnel, including the company secretary and those involved in integrity matters.

Management policies, processes and guidelines

77. Each of the Relevant Entities had in place various management policies, processes and guidelines during the Relevant Period. I have summarised below and attached to this Statement copies of the documents comprising those policies, processes and guidelines.
78. Queensland Race Product Co, Sunshine Coast Racing and Rockhampton Racing did not have significant management policies, processes or guidelines in place during the Relevant Period.
79. I am aware that a draft Purchasing Policy was prepared for Sunshine Coast Racing and approved at the Sunshine Coast Racing Board Meeting on 2 May 2007. Attachment "ABC-95" to this Statement is a copy of that policy [RQL.114.004.0139] and Attachment "ABC-96" is a copy of the minutes of the board meeting on 2 May 2007 [RQL.110.001.0703].

Deponent

Witness

RQL

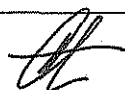
80. I have attached to this Statement copies of documents comprising management policies, processes and guidelines that RQL had in place during the Relevant Period. Those documents comprise policies broadly relating to:

- (a) the development of policies, a copy of which appears at Attachment "ABC-97" to this Statement [RQL.004.010.2052];
- (b) the formation, management and licensing of clubs, a copy of which appears at Attachment "ABC-98" to this Statement [RQL.109.010.2435];
- (c) spending by non-proprietary licensed clubs, a copy of which appears at Attachment "ABC-99" to this Statement [RQL.124.009.0145];
- (d) the disposal of land by non-proprietary licensed clubs, a copy of which appears at Attachment "ABC-100" to this Statement [RQL.004.010.2050];
- (e) dealing with intangible assets by non-proprietary licensed clubs, a copy of which appears at Attachment "ABC-101" to this Statement [RQL.004.010.20510];
- (f) the allocation of race days and provision of funding to race clubs, a copy of which appears at Attachment "ABC-102" to this Statement [RQL.101.004.2273];
- (g) safeguarding the public interest in thoroughbred, harness and greyhound racing, a copy of which appears at Attachment "ABC-103" to this Statement [RQL.109.010.2352];
- (h) betting and wagering, a copy of which appears at Attachment "ABC-104" to this Statement [RQL.124.009.0068];
- (i) RQL's website, a copy of which appears at Attachment "ABC-105" to this Statement [RQL.124.009.0073];
- (j) the use of social media, a copy of which appears at Attachment "ABC-106" to this Statement [RQL.109.010.1962];
- (k) the employment of non-licensed staff, a copy of which appears at Attachment "ABC-107" to this Statement [RQL.124.009.0096];

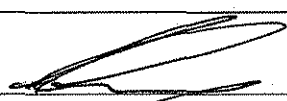
Deponent

Witness

- (l) record keeping, a copy of which appears at Attachment "ABC-108" to this Statement [RQL.109.010.2467];
- (m) the awareness of duties under legislation including the *Anti-Discrimination Act 1991* (Cth) , a copy of which appears at Attachment "ABC-109" to this Statement [RQL.124.009.0111];
- (n) credit, a copy of which appears at Attachment "ABC-110" to this Statement [RQL.109.008.3653];
- (o) RQL's licensing scheme, a copy of which appears at Attachment "ABC-111" to this Statement [RQL.124.009.0021];
- (p) complaints management, a copy of which appears at Attachment "ABC-112" to this Statement [RQL.109.010.2555];
- (q) information security, a copy of which appears at Attachment "ABC-113" to this Statement [RQL.109.013.0522];
- (r) privacy, a copy of which appears at Attachment "ABC-114" to this Statement [RQL.101.003.3655];
- (s) fees charged by RQL, a copy of which appears at Attachment "ABC-115" to this Statement [RQL.124.009.0163];
- (t) commercial decision making processes, a copy of which appears at Attachment "ABC-116" to this Statement [RQL.109.010.2352];
- (u) financial management procedures for race clubs, a copy of which appears at Attachment "ABC-117" to this Statement;
- (v) workplace health and safety, a copy of which appears at Attachment "ABC-118" to this Statement [RQL.101.005.4617];
- (w) the rights and obligations of employees, including policies relating to:
 - (i) harassment, discrimination and bullying, a copy of which appears at Attachment "ABC-119" to this Statement [RQL.101.004.2445];



Deponent



Witness

- (ii) redundancy, a copy of which appears at Attachment "ABC-120" to this Statement [RQL.101.005.2434];
- (iii) parental leave, a copy of which appears at Attachment "ABC-121" to this Statement [RQL.101.005.0082];
- (iv) termination of employment, a copy of which appears at Attachment "ABC-122" to this Statement [RQL.109.012.0809];
- (v) grievance handling, a copy of which appears at Attachment "ABC-123" to this Statement [RQL.109.008.2512];
- (x) risk management, a copy of which appears at Attachment "ABC-124" to this Statement [RQL.109.011.1785];
- (y) confidentiality and intellectual property, a copy of which appears at Attachment "ABC-125" to this Statement [RQL.109.008.3641];
- (z) the disclosure of conflicts of interest and punting requirements, copies of which appear at Attachments "ABC-126" [RQL.101.005.2308] and "ABC-127" [RQL.110.001.0439] to this Statement; and
- (aa) the acceptance of gifts and benefits by officers of RQL, a copy of which appears at Attachment "ABC-128" to this Statement [RQL.101.005.3073].

81. RQL also developed a 'Code of Conduct' applying to all of its employees. A copy of the Code of Conduct appears at Attachment "ABC-129" to this Statement [RQL.003.001.0741].


QRL

82. I have attached to this Statement copies of documents comprising management policies, processes and guidelines that QRL had in place during the Relevant Period. Those documents comprise policies broadly relating to:

- (a) the development of policies, a copy of which appears at Attachment "ABC-130" to this Statement [RQL.109.002.1102];
- (b) the formation, management and licensing of clubs, a copy of which appears at Attachment "ABC-131" to this Statement [RQL.109.004.1130];



Deponent




Witness

- (c) spending and dealing with intangible assets by non-proprietary licensed clubs, copies of which appear at Attachments "ABC-132" [RQL.101.002.1406] and "ABC-133" [RQL.109.008.0614] to this Statement;
- (d) the disposal of assets and land by non-proprietary licensed clubs, a copy of which appears at Attachment "ABC-134" to this Statement [RQL.109.005.3436];
- (e) the allocation of race days and provision of funding to race clubs, a copy of which appears at Attachment "ABC-135" to this Statement [RQL.109.002.3755];
- (f) commercial decision making processes, a copy of which appears at Attachment "ABC-136" to this Statement [RQL.109.004.0857];
- (g) decision making on matters relating to industry integrity, a copy of which appears at Attachment "ABC-137" to this Statement [RQL.109.007.3844];
- (h) safeguarding the public interest in thoroughbred racing, a copy of which appears at Attachment "ABC-138" to this Statement [RQL.109.004.1301];
- (i) the fees charged by QRL, a copy of which appears at Attachment "ABC-139" to this Statement [RQL.109.005.3026];
- (j) record keeping, a copy of which appears at Attachment "ABC-140" to this Statement [RQL.109.005.3034];
- (k) complaints management, a copy of which appears at Attachment "ABC-141" to this Statement [RQL.109.004.3705];
- (l) betting and wagering, a copy of which appears at Attachment "ABC-142" to this Statement [RQL.109.003.3628];
- (m) the awareness of duties under legislation including the *Anti-Discrimination Act 1991* (Cth), a copy of which appears at Attachment "ABC-143" to this Statement [RQL.109.003.0337];
- (n) the employment of staff not required to be licensed, a copy of which appears at Attachment "ABC-144" to this Statement [RQL.109.005.3038];



Deponent



Witness

- (o) confidentiality and intellectual property (draft), a copy of which appears at Attachment "ABC-145" to this Statement [RQL.109.006.2134];
- (p) payroll, a copy of which appears at Attachment "ABC-146" to this Statement [RQL.109.006.2168];
- (q) remuneration, a copy of which appears at Attachment "ABC-147" to this Statement [RQL.109.006.2124];
- (r) the rights and obligations of employees, including policies relating to:
 - (i) discrimination and workplace harassment, a copy of which appears at Attachment "ABC-148" to this Statement [RQL.101.004.2104];
 - (ii) termination of employment, a copy of which appears at Attachment "ABC-149" to this Statement [RQL.109.006.2181];
- (s) QRL's website, a copy of which appears at Attachment "ABC-150" to this Statement [RQL.109.007.2067]; and
- (t) the disclosure of conflicts of interest, a copy of which appears at Attachment "ABC-151" to this Statement [RQL.109.004.0892]].

83. QRL also developed a 'Code of Conduct' applying to all of its employees, copies of which appear at Attachments "ABC-152" [RQL.109.006.0053] and "ABC-153" [RQL.109.006.0053] to this Statement. It also had in place an 'Employee Handbook', a copy of which appears at Attachment "ABC-154" to this Statement [RQL.109.006.0835].

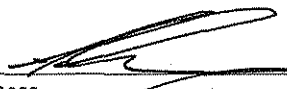
GQL and the Greyhound Racing Authority

84. I have attached to this Statement copies of documents comprising management policies, processes and guidelines that the Greyhound Racing Authority and GQL had in place during the Relevant Period. Those documents comprise policies broadly relating to:

- (a) safeguarding the public interest in greyhound racing, a copy of which appears at Attachment "ABC-155" to this Statement [RQL.109.004.2852];
- (b) betting and wagering, a copy of which appears at Attachment "ABC-156" to this Statement [RQL.124.008.0183];



Deponent



Witness

- (c) GQL's website, a copy of which appears at Attachment "ABC-157" to this Statement [RQL.124.008.0193];
- (d) staff not required to be licenced, a copy of which appears at Attachment "ABC-158" to this Statement [RQL.124.008.0248];
- (e) record keeping, a copy of which appears at Attachment "ABC-159" to this Statement [RQL.133.001.0299];
- (f) the development of policies, a copy of which appears at Attachment "ABC-160" to this Statement [RQL.133.001.0247];
- (g) making officials, officers & licensed holders aware of their duties under law, a copy of which appears at Attachment "ABC-161" to this Statement [RQL.124.006.0153];
- (h) expenditure by non-proprietary licensed clubs, a copy of which appears at Attachment "ABC-162" to this Statement [RQL.124.006.0022];
- (i) the disposal of assets by non-proprietary clubs, a copy of which appears at Attachment "ABC-163" to this Statement [RQL.124.006.0015]; and
- (j) the charging of fees, a copy of which appears at Attachment "ABC-164" to this Statement [RQL.124.006.0028].

85. GQL also developed a 'Code of Conduct' applying to all of its officials, a copy of which appears at Attachment "ABC-165" to this Statement [RQL.109.005.2169].

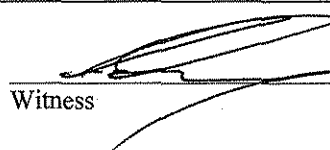
QHRL and the Harness Racing Board

86. I have attached to this Statement copies of documents comprising management policies, processes and guidelines that the Harness Racing Board and QHRL had in place during the Relevant Period. Those documents comprise policies broadly relating to:

- (a) the development of policies, a copy of which appears at Attachment "ABC-166" to this Statement [RQL.124.006.0182];
- (b) the allocation of race days and the provision of funding to harness racing clubs, a copy of which appears at Attachment "ABC-167" to this Statement [RQL.133.002.0077];



Deponent




Witness

- (c) the employment of officials and staff, a copy of which appears at Attachment "ABC-168" to this Statement [RQL.133.002.0104];
- (d) record keeping, a copy of which appears at Attachment "ABC-169" to this Statement [RQL.124.006.0241];
- (e) the awareness of duties under legislation including the Anti-Discrimination Act 1991 (Cth), a copy of which appears at Attachment "ABC-170" to this Statement [RQL.109.005.0446];
- (f) spending by non-proprietary clubs, a copy of which appears at Attachment "ABC-171" to this Statement [RQL.124.006.0226];
- (g) the disposal of assets by non-proprietary clubs, a copy of which appears at Attachment "ABC-172" to this Statement [RQL.124.006.0230];
- (h) the charging of fees, a copy of which appears at Attachment "ABC-173" to this Statement [RQL.124.006.0201];
- (i) betting and wagering, a copy of which appears at Attachment "ABC-174" to this Statement [RQL.124.008.0186]; and
- (j) the formation and management of clubs eligible to be licenced to hold race meetings, a copy of which appears at Attachment "ABC-175" to this Statement [RQL.124.006.0204].

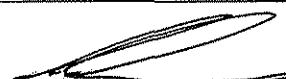
87. QHRL also developed a 'Code of Conduct for Directors and Staff', a copy of which appears at Attachment "ABC-176" to this Statement [RQL.109.002.4945]. It also had in place a 'Charter of Corporate Governance', a copy of which appears at Attachment "ABC-177" to this Statement [RQL.109.008.0748].

Observations

88. When I first commenced employment there was a full time HR person, but that person left prior to 1 January 2007 and was not replaced. From an organisational perspective, the payroll function sat within the finance department and, accordingly, I took responsibility as no other manager was prepared to take responsibility for the HR role.



Deponent



Witness

89. In 2009, a competitive tender process was undertaken to audit the HR policies and procedures of QRL. Attachment "ABC-178" to this Statement is a copy of a report prepared by HRBS dated February 2009 and entitled "HR Audit Report for Queensland Racing" [RQL.136.005.0002].
90. In 2010, HRBS assisted in the integration of the policies for the three codes. Attachment "ABC-179" to this Statement is a copy of a paper prepared by HRBS entitled "Overview of Queensland Racing Limited's HR Practices" that was provided to QRL in conjunction with the HR Audit Report [RQL.136.005.0001].

Boards or members of the boards of the Relevant Entities


91. From my commencement with the Queensland Thoroughbred Racing Board (trading as Queensland Racing), Mr Bentley was Chairman.
92. Mr Bentley was subsequently Chairman of QRL and RQL.
93. I recall that Mr Bentley visited the offices of Racing Queensland on a regular basis, usually two to three times per week.
94. Prior to Mr Bentley being provided with an office in the Racing Queensland building at Deagon, when Mr Bentley visited he would spend the majority of his time in the office of Mr Tuttle (Chief Executive Officer, a title first known as Chief Operations Manager).
95. I recall that on a number of occasions Mr Tuttle said to me personally that he found it difficult to perform his day to day duties whilst Mr Bentley was in his office. I recall that Mr Bentley would invite other staff into Mr Tuttle's office and conduct conversations with them whilst Mr Tuttle was present. This occurrence personally happened to myself on a number of occasions when Mr Bentley was talking to me and Mr Tuttle, although present, had no role in the conversation.
96. I recall that on a number of occasions when I prepared an email to send to Mr Tuttle relating to a day to day management issue, Mr Tuttle would on-forward my email to Mr Bentley to seek his view and then respond to me by forwarding Mr Bentley's response. On occasion, Mr Tuttle would also add comments but not always.
97. I recall that on a number of occasions, Mr Bentley would contact me by email or telephone directly seeking information regarding wagering turnover and financial information (both

Deponent

Witness

internally and for clubs). My previous employment experience was that when a chairman of a company sought such information it would normally be sent to me from the Chief Executive Officer or Managing Director. I found it unusual that the Chairman would contact me directly seeking information. I raised the issue with Mr Tuttle and I recall that at the time of the amalgamation in 2010, Mr Bentley stopped seeking the information directly but that state of affairs lasted only a few months and Mr Bentley resumed communicating with me directly. I am aware from my conversations with other managers that they also received emails and telephone calls directly from Mr Bentley.

98. I am also aware that Mr Bentley would often ask a number of managers the same question at the same time. I discovered this when other managers informed me that they were seeking the same information that I was seeking for the Chairman.
99. Subsequently, Mr Bentley was provided with an office. Again, Mr Bentley would be present in his office on two to three days each week on average. Regularly Mr Bentley would call me into his office to provide information to him about issues such as wagering turnover or issues relating to club financials.
100. During the period 1 January 2007 until his resignation, it is my recollection that Mr Bentley always had access to the board secretary (Kelly Skuse, Renee Whitchurch, Wendy Thomas, Laura Hains, Donna Biddle and Debbie Toohey) who he used as his personal secretary.
101. Mr Bentley was in my opinion well placed to keep himself informed about the management of the organisation as he was supplied by RQL (and previously, QRL) with a motor vehicle, a home computer, a mobile telephone and internet access to both of his houses. RQL (and previously, QRL) paid fully for the motor vehicle, computer, telephone and internet access with no personal contribution being made by Mr Bentley.
102. I recall that Mr Hanmer involved himself in the annual industry awards. He chose the venue (usually the Sofitel on Turbot Street). He involved himself in the nominations committee as well as the commissioning of the artists for the hall of fame.
103. Mr Bentley and Mr Wayne Milner (one of the directors of QRL and RQL) became personally involved in the negotiation of the broadcasting rights with thoroughbred TAB clubs and Sky Channel. I recall that they took a personal hand in the negotiation of those rights.


Deponent


Witness

104. I also recall that Mr Milner and Mr Bentley became personally involved in the transaction with the Toowoomba Turf Club concerning the responsibility for the synthetic track being returned to the club. The effect of this transaction was that the Toowoomba Turf Club obtained the benefit of the synthetic track, which had been funded by QRL and maintained by QRL. This also involved the payment of an ongoing subsidy to the club with respect to the maintenance of the track.

3. CORPORATE GOVERNANCE (paragraph 3(c) of the Terms of Reference)

3.1 The corporate governance arrangements of Racing Queensland Limited in the **Relevant Period**.

3.2 Whether Racing Queensland Limited and its **Officers** operated and acted:

(a) with integrity;

(b) in accordance with the company's constitution;

(c) in the best interests of the company;

(d) in the best interests of the racing industry;

(e) consistently with policies made pursuant to sections 81 and 83(2) of the Racing Act 2000 by the Relevant Entities which were current during the Relevant Period; and

(f) consistently with legislation including the Racing Act 2000 and the Corporations Act 2001.

3.3 In the **Relevant Period** were there in place policies, rules and procedures within Racing Queensland Limited to:

(a) identify and manage conflicts of interest; and

(b) minimise the risk of directors and executives improperly using their position and information for personal or financial gain.


3.4 Within Racing Queensland Limited during the **Relevant Period** were there in place terms of employment in contracts restraining former directors and executives from seeking employment with Racing Queensland Limited's contractors and suppliers.

105. A copy of an undated constitution of RQL is included at Attachment "ABC-5" to this Statement.

106. To my knowledge, staff within the finance department who were under my direct control acted in accordance with RQL's constitution, the policies created by RQL, with integrity and in the best interests of both RQL and the racing industry.

107. To my knowledge, relevant state and federal law including income tax, GST, FBT, state payroll tax and any other necessary requirements were complied with by RQL, except there may have been a failure to comply with the provisions of the QSuper superannuation scheme for a period of time which has subsequently been rectified.


Deponent


Witness

Conflicts of Interest

108. RQL had in place the following policies, rules and procedures to identify and manage conflicts of interest and minimise the risk of directors and executives improperly using their position and information for personal or financial gain:


- (a) a policy regarding the disclosure of conflicts of interest, a copy of which appears above at Attachment "ABC-126" to this Statement. Each new employee signed a conflict of interest declaration, and that declaration was provided to the Director of Integrity Operations.
- (b) a 'Code of Conduct' which applied to all employees of RQL (including directors and executives). A copy of the Code of Conduct appears above at Attachment "ABC-129" to this Statement. The Code of Conduct provides at paragraph 4.3.1:

"Every Racing Queensland official must:


- Carry out their duties impartially and regardless of personal preferences.*
- Avoid private, financial or other interests or undertakings that could directly or indirectly compromise or conflict with the performance of their duties.*
- Disclose any interest, which may impact or have the potential to impact on the performance of their duties.*
- Take action to resolve any conflict between personal interests and official duties in the favour of the public interest.*

...

All Racing Queensland officials resigning or retiring to take up business appointments should give consideration to possible conflicts of interest that may arise. Where an offer of appointment could give rise to an actual or apparent conflict of interest, a Racing Queensland official should apply to the CEO or Director Integrity Operations (as appropriate) for assent to take up the proposed employment. If a conflict of interest is identified, the CEO or Director Integrity



Deponent



Witness

Operations (as appropriate) may obtain an undertaking from the Racing Queensland official regarding the use of information gained in the Racing Queensland official's employment with Racing Queensland."

- (c) I am aware that relevant employment contracts can contain conflict of interest provisions. By way of example, the employment contract between RQL and Mr Malcolm Tuttle (a copy of which appears below as Attachment "ABC-180" to this Statement) contains conflict of interest provisions at paragraph 9.

109. I am also aware that at the commencement of each board meeting, relevant directors would declare conflicts of interest.

110. I attended conflict of interest training in 2008. To the best of my recollection, all stewards and key management staff were also required to attend this training.

4. OVERSIGHT BY THE MINISTER, THE EXECUTIVE GOVERNMENT, THE CHIEF EXECUTIVE (paragraph 3(d) of the Terms of Reference)

4.1 Oversight of the operations of the Relevant Entities in the Relevant Period by:

- (a) the responsible Minister;
- (b) the Executive Government; and
- (c) the Chief Executive.

111. I had no direct communication with any responsible Minister, the Executive Government or the Chief Executive of any relevant department. From time to time, I was forwarded correspondence by the Chairman and Mr Tuttle to action items such as grant monies approved for expenditure by the State. I would prepare necessary reconciliations to ensure that those grant monies were properly disbursed in my role as Chief Financial Officer.

5. EMPLOYMENT CONTRACTS: TUTTLE, ORCHARD, BRENNAN, REID (paragraph 3(c) of the Terms of Reference)

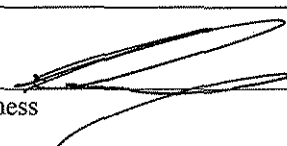
5.1 The events surrounding the renegotiation of employment contracts in 2011, for the following senior executives of Racing Queensland Limited:

- (a) Malcolm Tuttle;
- (b) Jamie Orchard;
- (c) Paul Brennan; and
- (d) Shara Reid (formerly Murray).

5.2 The events surrounding the payouts made under the abovementioned contracts on the voluntary termination in March 2012 of the employment of:



Deponent



Witness

- (a) Mr Tuttle;
- (b) Mr Orchard;
- (c) Mr Brennan; and
- (d) Ms Reid.

5.3 The actions of the directors and senior executives of Racing Queensland Limited referred to in paragraph 5.1 and 5.2 hereof and:

- (a) the responsibilities;
- (b) duties; and
- (c) legal obligations of those persons.

Events surrounding the renegotiation of employment contracts in 2011

112. In the period leading up to April/May 2011, there was much speculation around the industry (including on internet blogs and to some extent in the press) about what would happen to RQL if there was a change in Government. Some of that speculation included that there would be a de-merger of the different racing codes so that thoroughbred racing, harness racing and greyhound racing would each go their separate ways, that Malcolm Tuttle and Jamie Orchard would immediately lose their jobs, and that the board of RQL would be disbanded.
113. In April 2011, I was aware there was some discussion between Malcolm Tuttle and Bob Bentley about securing the employment of senior executives within RQL.
114. I can recall that Malcolm Tuttle raised the issue with me on 3 April 2011. He said words to the effect 'Who are the current people on agreements? We are considering whether to put some other people on contracts.' The purpose, as explained to me, was to provide some certainty to individuals.
115. I recall discussing the issue of employment contracts with Paul Brennan. It related to the public discussion and speculation regarding what might happen after the election, and I recall Mr Brennan saying words to the effect 'Do we need to put up with this on a day to day basis?'
116. This speculation contributed to an atmosphere where there was anxiety amongst the leadership team of RQL in the first half of 2011.
117. As at July 2011, the executive structure of RQL was:
- (a) Chairman - Bob Bentley;
 - (b) Chief Operations Manager (or CEO) - Malcolm Tuttle;


Deponent


Witness

- (c) The Executive Team:
- (i) Director of Integrity Operations - Jamie Orchard;
 - (ii) Director of Product Development - Paul Brennan;
 - (iii) Senior Corporate Counsel - Shara Reid (formerly Murray); and
 - (iv) Chief Financial Officer - Adam Carter.

118. Each of the individuals listed above had entered into contracts of employment with RQL upon the amalgamation of the three codes in July 2010 (**Executive Contracts**). There were key employees of RQL, including Col Truscott (the Country Racing Manager) and Warren Williams (the Racing and Facilities Manager) who also entered into Executive Contracts. My recollection is that Suzanne McAuliffe, of Latitude Lawyers, provided advice in relation to the terms of the Executive Contracts in or about June 2010. However, my recollection is that this advice was not followed.

119. I have included copies of the employment contracts entered into with each of the four executives as attachments to this Statement:

- (a) Employment contract entered into with Malcolm Tuttle for the period 1 July 2010 to 30 June 2013, a copy of which appears as Attachment "ABC-180" to this Statement [RQL.002.001.0138];
- (b) Employment contract entered into with Jamie Orchard for the period 1 July 2010 to 30 June 2013, a copy of which appears as Attachment "ABC-181" to this Statement [RQL.002.001.0210];
- (c) Employment contract entered into with Paul Brennan for the period 1 July 2010 to 30 June 2013, a copy of which appears as Attachment "ABC-182" to this Statement [RQL.002.001.0149]; and
- (d) Employment contract entered into with Shara Reid (formerly Murray) for the period 1 July 2010 to 30 June 2013, a copy of which appears as Attachment "ABC-183" to this Statement [RQL.002.001.0173].

The Remuneration and Nomination Committee

120. The Remuneration and Nomination Committee (**RNC**) was a committee which met twice a year and otherwise on an ad hoc basis. Its function was to deal with key human resources

Deponent

Witness

issues, particularly staff remuneration. A copy of the charter of the RNC appears as Attachment "ABC-184" to this Statement [RQL.136.005.0377]. It commonly met in July and September, which was when RQL considered and determined remuneration reviews.

121. The standing members of the RNC were Bill Ludwig, Bob Bentley and Malcolm Tuttle. Kerry Watson was an appointed member of the initial committee until her departure. I was not a member of the RNC but attended meetings for the purpose of informing it in my role as Chief Financial Officer. My role when remuneration reviews were being considered was to prepare a list of all salaried staff within RQL, information regarding staff turnovers, and to research information in relation to CPI and, if relevant, market movements.

122. I would provide this information to Malcolm Tuttle. I understand that Mr Tuttle would then consult with the board of RQL in relation to performance issues, with a view to coming up with recommendations in relation to remuneration.

Meeting of the RNC - 14 April 2011

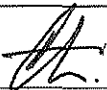
123. I recall that it was unusual for there to be a meeting of the RNC in April. The key issue was to discuss extending contracts for key managers. However, as is recorded in the minutes of that meeting (a copy of which appear at Attachment "ABC-185" to this Statement [RQL.004.011.0074]) other items were discussed including a report from me in relation to an employee head count and salary costs against budget.

124. The minutes record that Mr Tuttle and I offered to excuse ourselves during the discussion of extending contracts for key managers, but my recollection is that we did remain in the meeting.

125. The minutes record that Bob Bentley "*spoke of this matter*". I do not have any specific recollection of what he said.

126. I do believe that the discussion was primarily linked to the expiry of the Product and Program Agreement between RQL and Tatts Group in June 2014, although it is possible that there was some discussion of the political situation and the perceived need for certainty based on that issue as well. As I understand it, the two issues were linked in that the concern was to ensure that senior executives were not distracted or destabilised by the political speculation while the Product and Program Agreement was being renegotiated.

127. The minutes relevantly record that the RNC agreed to recommend to the board of RQL that existing employment agreements with various senior staff including Malcolm Tuttle, Jamie


Deponent


Witness

Orchard, Paul Brennan and Shara Reid (formerly Murray) be extended by 12 months to 30 June 2014.

128. My only recollection of any statement about my future employment around this time was a comment to me by Malcolm Tuttle who said words to the effect 'if there is any change in the board you will be OK, you are not a person of interest'. It was one of a number of comments made by people at that time due mainly to the press and internet coverage, especially on websites such as www.letsghorseracing.com.au.

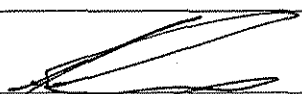
Board meeting - 6 May 2011

129. Attachment "ABC-186" to this Statement is a copy of the minutes of the board meeting of RQL held on Friday 6 May 2011 [RQL.104.004.0072].
130. The minutes record that I attended this meeting. However, I was only present for Items 2.3 (Finance Report), 2.4 (Product Development Report) and 3.3 (Capalaba and Bundaberg Clubs Show Cause Update). In particular, I was not present for Item 3.2 regarding remuneration.
131. According to the minutes, a resolution was passed to extend existing employment agreements by 12 months to 30 June 2014 for various senior staff including Malcolm Tuttle, Jamie Orchard, Paul Brennan and Shara Reid (formerly Murray).
132. Again, I cannot comment on the discussion regarding extension of those contracts as I was not present for this section of the board meeting. Although the minutes refer to a decision to extend my employment agreement by 12 months to 30 June 2014, no such offer was made for the reasons outlined above at paragraph 128.

Clayton Utz draft advice - 2 June 2011

133. Attachment "ABC-187" to this Statement is a copy of an email from Shara Reid (formerly Murray) dated 26 May 2011 to Barry Dunphy and Brett Cook of Clayton Utz [RQL.004.011.0009].
134. That email attaches an amended Executive Employment Agreement and seeks urgent advice regarding its terms. Attachment "ABC-188" to this Statement is a copy of a draft advice from Clayton Utz to RQL dated 2 June 2011 [RQL.001.001.0270].


Deponent


Witness

135. This information has been obtained subsequent to my appointment as Acting Chief Executive Officer of RQL on 26 March 2012. I was not aware at that time that Clayton Utz had been engaged to provide advice, and only became aware of their engagement when I visited the office of Shara Reid on 26 March 2012 and asked for copies of the contracts and legal advices to support the contracts.

Letter to the Chairman - 5 July 2011

136. Attachment "**ABC-189**" to this Statement is a copy of a letter from Malcolm Tuttle, Jamie Orchard, Paul Brennan and Shara Reid (formerly Murray) to Bob Bentley dated 5 July 2011 [RQL.101.005.2205].

137. That letter requests that Bob Bentley "*give urgent consideration to retaining the services of key people in the organisation and also consider putting in place a framework that provides us with the necessary security both leading up to and subsequent to the upcoming State election.*"

138. I was not aware of this letter until I was requested by the Queensland Audit Office in or about May 2012 to prepare a status report regarding each of the four executive contracts.

Board meeting - 8 July 2011

139. Attachment "**ABC-190**" to this Statement is a copy of the minutes of the board meeting of RQL held on Friday 8 July 2011 [RQL.001.001.0341]. I was not present at this meeting.


140. Board meetings were usually held on the first Friday of every month. There had been a meeting on 1 July 2011 (the previous Friday). The meeting of 8 July 2011 was a special meeting and I do not recall being aware of it. I am aware that the board would meet from time to time on a confidential basis, no doubt as events required.

141. The minutes record that the Board instructed Malcolm Tuttle and Shara Reid (formerly Murray) to "*engage independent advice on their contractual rights*". I was not aware of the board's decision to make that instruction, and only became aware that Norton Rose had been engaged to provide advice as a result of approving and paying their invoices in my role as Chief Financial Officer.

Norton Rose advice - 20 July 2011



Deponent



Witness

142. Attachment "ABC-191" to this Statement is a copy of an advice provided by Norton Rose dated 20 July 2011 [RQL.002.001.0576].

143. Again, I was not aware at that time that Norton Rose had been engaged to provide advice. I later became aware of their engagement as a result of approving and paying their invoices in my role as Chief Financial Officer.

Board meeting - 20 July 2011

144. Attachment "ABC-192" to this Statement is a copy of the minutes of the board meeting of RQL held on Wednesday 20 July 2011 [RQL.104.004.0023]. I was not present at this meeting.

145. This meeting was another special meeting held out of the ordinary sequence.

146. The minutes record that the Board unanimously supported the intent of the advice received from Norton Rose, and that it considered it appropriate that it be reviewed by Clayton Utz.

Clayton Utz advice - 1 August 2011

147. Attachment "ABC-193" to this Statement is a copy of an email from Barry Dunphy, Clayton Utz, to Bob Bentley and Shara Reid (formerly Murray) dated 1 August 2011 which attaches an advice dated 1 August 2011 [RQL.004.011.0012].

148. Again, I was not aware at that time that Clayton Utz had been engaged to provide advice and only became aware of their engagement by as a result of approving and paying their invoices in my role as Chief Financial Officer.


Norton Rose advice - 3 August 2011

149. Attachment "ABC-194" to this Statement is a copy of an advice provided by Norton Rose dated 3 August 2011 [RQL.003.001.0567].

150. Again, I was not aware at that time that Norton Rose had been engaged to provide advice. I later became aware of their engagement as a result of approving and paying their invoices in my role as Chief Financial Officer.

RNC meeting - 3 August 2011



Deponent


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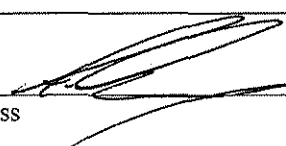
151. Attachment "ABC-195" to this Statement is a copy of the minutes of a meeting of the RNC held on 3 August 2011 [RQL.004.012.0005].
152. The issue of remuneration reviews from 1 July 2011 was discussed. My role in that process was to prepare a table sending out current salaries, the Brisbane CPI and what a CPI increase would amount to. The June 2011 CPI figures would have been available at that point, and my recollection is that it was a figure of about 2.8%.
153. Based on the table that I had prepared, Malcolm Tuttle would insert a review rating for each manager and make a recommendation in relation to salary based on performance. The minutes record that the budget for salary increases was 3%.

Board meeting - 5 August 2011

154. Attachment "ABC-196" to this Statement is a copy of the minutes of the board meeting of RQL held on Friday 5 August 2011 [RQL.104.004.0002].
155. Although the minutes record that I was in attendance, I did not attend for the discussion at Item 2.5 (Employment Agreements/Redundancy Policy). I was present only for Item 2.1 (Draft 2011/2012 Business Plan) and Item 4.3 (Finance Report).
156. I did not receive a 'board pack' for this meeting.
157. The minutes record that a decision was made to rescind the earlier board resolution to extend executive contracts (including my contract), and to vary the employment agreements for Malcolm Tuttle, Jamie Orchard, Paul Brennan and Shara Reid (formerly Murray). I was not aware of either of those decisions.
158. I have attached copies of each of the four executives' amended employment agreements:
- (a) employment agreement entered into with Malcolm Tuttle on 5 August 2011, a copy of which appears as Attachment "ABC-197" to this Statement [RQL.008.002.0075];
 - (b) employment agreement entered into with Jamie Orchard on 5 August 2011, a copy of which appears as Attachment "ABC-198" to this Statement [RQL.008.002.0034];



Deponent



Witness

(c) employment agreement entered into with Paul Brennan on 5 August 2011, a copy of which appears as Attachment "ABC-199" to this Statement [RQL.008.002.0054]; and

(d) employment agreement entered into with Shara Reid (formerly Murray) on 5 August 2011, a copy of which appears as Attachment "ABC-200" to this Statement [RQL.008.002.0016].

159. I was not advised of the amended employment agreements for these employees.

160. I was aware the amended employment agreements were in the possession of the Company Secretary (Shara Reid (formerly Murray)).

161. I was not aware of the terms of those amended employment agreements. However, I was advised of the 30% increase to each of their Total Remuneration Values as I had to administer that increase in my role as Chief Financial Officer. I have attached to this Statement copies of emails that I sent on 5 August 2011 confirming increases to the respective Total Remuneration Values of the positions held by:

(a) Malcolm Tuttle, a copy of which appears as "ABC-201" to this Statement [RQL.134.003.0053];

(b) Jamie Orchard, a copy of which appears as "ABC-202" to this Statement [RQL.134.003.0049];

(c) Paul Brennan, a copy of which appears as "ABC-203" to this Statement [RQL.134.003.0054]; and

(d) Shara Reid (formerly Murray), a copy of which appears as "ABC-204" to this Statement [RQL.134.003.0058]

Events surrounding the payouts made under the contracts in March 2012

162. The Queensland State election was held and the LNP government took office on Saturday 24 March 2012. The result was known that evening.

163. I was not consulted by any of the four executives prior to that date about their intentions should there be a change in Government.





Deponent



Witness


164. At about 9.00am on Monday 26 March 2012 I was called into the board room, I believe by Shara Reid (formerly Murray). My recollection is that she said words to the effect 'the Chairman wants to see you'.
165. Bob Bentley, Tony Hamner, Jamie Orchard, Paul Brennan, Malcolm Tuttle and Shara Reid (formerly Murray) were present when I entered the board room. Mr Bentley said words to the effect 'Malcolm has something to tell you'.
166. Malcolm then told me that following the election, the four senior executives had considered their future and had all tendered their resignations. This came as a complete surprise to me.
167. I recall asking 'when will you be resigning?'. The answer was 'the end of the day'. I said words to the effect 'you can't be serious.'
168. Mr Bentley then advised me that he wanted to appoint me as Acting Chief Executive Officer. I said words to the effect 'do I have a choice?'. Mr Bentley said words to the effect 'You can consider it. But I have made my decision.'
169. Mr Tuttle then said words to the effect 'We want you to calculate our termination pay'. I can recall this message being reinforced by Mr Bentley. They both insisted on the pay being made on that same day. I clearly felt that I was being directed to make this happen.
170. I said that I would need the employment agreements to do so. Shara Reid (formerly Murray) told me that she would give me a copy.
171. On 26 March 2012 I was also given resignation letters from each of Mr Tuttle, Mr Orchard, Mr Brennan and Ms Reid (formerly Murray). Those letters were in identical terms. I also received a copy of a letter to each of them from Bob Bentley accepting their resignation, waiving the requirement to give any additional notice beyond that time and confirming that the entitlements would be immediately paid directly into their bank account. I have attached to this statement copies of the letters of resignation:
- (a) Letter from Malcolm Tuttle dated 26 March 2012, a copy of which appears as Attachment "ABC-205" to this Statement [RQL.134.003.0050]. A copy of Mr Bentley's letter in reply of 26 March 2012 appears as Attachment "ABC-206" to this Statement [RQL.134.003.0052];


Deponent


Witness

- (b) Letter from Jamie Orchard dated 26 March 2012, a copy of which appears as Attachment "ABC-207" to this Statement [RQL.134.003.0046]. A copy of Mr Bentley's letter in reply of 26 March 2012 appears as Attachment "ABC-208" to this Statement [RQL.134.003.0048];
- (c) Letter from Paul Brennan dated 26 March 2012, a copy of which appears as Attachment "ABC-209" to this Statement [RQL.134.003.0055]. A copy of Mr Bentley's letter in reply of 26 March 2012 appears as Attachment "ABC-210" to this Statement [RQL.134.003.0056]; and
- (d) Letter from Shara Reid (formerly Murray) dated 26 March 2012, a copy of which appears as Attachment "ABC-211" to this Statement [RQL.008.002.0011]. A copy of Mr Bentley's letter in reply of 26 March 2012 appears as Attachment "ABC-212" to this Statement [RQL.134.003.0060].

172. In each case, the letters of resignation relied on clause 15.2 of the employment agreement which refers to a 'Material Adverse Change.' I was not previously aware of the termination right when there was a 'Material Adverse Change', particularly a change of Government, and I had not been aware of the termination benefits payable in that circumstance.
173. I considered that the termination provisions were highly irregular, and not something that I had encountered before. Therefore, despite Mr Bentley's confirmation letters and his direction to me to make the payments immediately, I wanted to ensure that I had firm legal and tax advice regarding the entitlements and how any payments should be taxed.
174. Sharon Drew, Finance Manager, assisted me in seeking out that advice. Attachment "ABC-213" to this Statement is a copy of a hand-written file note prepared by Ms Drew during the period 26 to 29 March 2012 [RQL.127.001.0001].
175. I told Mr Bentley and Mr Tuttle that I would need to get tax advice, and also commented that normally an organisation had three days to pay a departing employee.
176. I told Ms Reid (formerly Murray) that I would need to seek legal advice. She gave me a copy of the legal advices received from Norton Rose and advised that they were the ones involved in setting up the contracts. Again, I had not known of Norton Rose's involvement up to that point except for paying invoices which had been approved by Ms Murray.


Deponent


Witness

177. On Monday 26 March 2012, I phoned Kristen Gamble at Norton Rose, who was the contact I saw on the advices. I wanted to make sure that the amounts which I had been directed to pay were properly triggered by the circumstances. Ms Gamble told me I should speak to the partner concerned.
178. Shortly afterwards, Martin Osborne of Norton Rose called me back. I can recall that he seemed reluctant to speak with me initially. I asked the question in words to the effect 'how did this happen?'. I recall that he cut the conversation short, perhaps by saying words to the effect 'I need to check the file'.
179. Mr Osborne then called me again. He said words to the effect that the instructions came from Shara Reid (formerly Murray), but that Bob Bentley was 'in the background'. He also told me that I should get independent legal advice in relation to the matter.
180. I asked Mr Osborne 'why can't I get advice from you?'. I can recall being told that if the issue was whether or not it was appropriate to pay, then Norton Rose had given the original advice, and it might not be appropriate for it to give subsequent advice. However I do believe that in the discussion with Mr Osborne I got a 'green light' in the sense that I was satisfied by what I was told that the events which had occurred did trigger the contractual entitlements. I would not have approved the payments unless Norton Rose had given me that advice. The only live issue for me at that stage was whether the payments under the employment agreements were triggered by what had occurred.
181. I also recall telephoning Mr Barry Dunphy of Clayton Utz with respect to the resignations. I cannot now recall what he said, but nothing he said led me to believe I should not make the termination payments.
182. On 27 March 2012, I arranged for BDO, RQL's external accountants, to provide advice regarding the termination payments. Attachment "ABC-214" to this Statement is a copy of an email exchange between Sharon Draw, RQL Management Accountant, and Mark Molesworth, BDO, regarding the termination payments [RQL.001.001.0317]. Attachment "ABC-215" to this Statement is an advice provided by BDO on 28 March 2012 [RQL.001.001.0247].
183. I also involved Brad Ryan, who was a director and also Chairman of the Finance, Audit and Risk Committee. Mr Ryan attended the offices of payroll to check the payments with me. He also went through the payments himself to satisfy himself that they were correct. I also involved Bob Lette in his capacity as a member of the Finance, Audit and Risk Committee.

Deponent

Witness

Attachment "ABC-216" to this Statement is a copy of an email exchange between myself and members of the board on 27 March 2012 in relation to the termination payments [RQL.004.010.0203]. That email records that I was awaiting the outcome of the review being undertaken by BDO prior to processing the termination payments.

184. Attachment "ABC-217" to this Statement is a copy of my hand-written notes in relation to the events of 26 to 28 March 2012 [RQL.136.002.0088].
185. On 28 March 2012, I emailed to Bob Bentley (and his secretary Lisa Kelly) a memorandum which set out the proposed payments and asking him to authorise that they should be paid.
186. Mr Bentley counter-signed the memorandum confirming his acceptance of the proposed figures and authorising them to be made. A copy of the counter-signed memorandum was scanned and emailed to me by Ms Kelly at 12.28pm on 28 March 2012. Attached at "ABC-218" to this Statement is a copy of my email exchange with Ms Kelly of 28 March 2012 which attaches a copy of the memorandum counter-signed by Mr Bentley [RQL.136.007.0192] [RQL.136.007.0195].
187. My recollection is that Mr Bentley also verbally advised me that the payments had to be made. That is recorded in my hand-written notes which appear at Attachment "ABC-217" to this Statement.
188. A board meeting was held at 12.00pm on 28 March 2012. Shortly prior to that meeting, I sent each of the four employees separate emails requesting that they confirm their acceptance of clause 15.9 of their respective employment agreements. Clause 15.9 of the employment agreements dealt with their obligations to assist RQL following the termination of their employment. I recall that I was asked to seek this confirmation by Bob Bentley. I have attached to this Statement copies of my emails to each of the four executives and their replies:
- (a) Email to Malcolm Tuttle of 28 March 2012 and his reply, a copy of which appears as Attachment "ABC-219" to this Statement [RQL.008.002.0088];
 - (b) Email to Jamie Orchard of 28 March 2012 and his reply, a copy of which appears as Attachment "ABC-220" to this Statement [RQL.008.002.0050];
 - (c) Email to Paul Brennan of 28 March 2012 and his reply, a copy of which appears as Attachment "ABC-221" to this Statement [RQL.008.002.0069]; and

Deponent

Witness

- (d) Email to Shara Reid (formerly Murray) of 28 March 2012 and her reply, a copy of which appears as Attachment "ABC-222" to this Statement [RQL.008.002.0029].

189. I have attached to this Statement a copy of the following financial reports dated 28 March 2012:

- (a) NAB Connect Payroll Report and extracts from an NAB payment register, a copy of which appears as Attachment "ABC-223" to this Statement [RQL.136.007.0411];
- (b) a Micropay Meridian Transaction Report, a copy of which appears as Attachment "ABC-224" to this Statement [RQL.120.001.0003];
- (c) a Micropay Meridian Payroll Report, a copy of which appears as Attachment "ABC-225" to this Statement [RQL.120.001.0004];
- (d) a Micropay Meridian EFT Report, a copy of which appears as Attachment "ABC-226" to this Statement [RQL.120.001.0006]; and
- (e) a Micropay Meridian Costing Report, a copy of which appears as Attachment "ABC-227" to this Statement [RQL.120.001.0007].

190. As can be seen from those reports:

- (a) Apart from his accrued leave entitlements and superannuation, Mr Tuttle received a gross termination payment of \$417,431.20 plus a gross severance payment of \$82,567.42;
- (b) Apart from his accrued leave entitlements and superannuation, Jamie Orchard received a gross termination payment of \$320,030.59 plus a gross severance payment of \$36,925.86;
- (c) Apart from his accrued leave entitlements and superannuation, Paul Brennan received a gross termination payment of \$250,458.72 plus a gross severance payment of \$49,540.28;
- (d) Apart from her accrued leave entitlements and superannuation, Shara Reid (formerly Murray) received a gross termination payment of \$166,972.48 plus a gross severance payment of \$30,274.62;

Deponent

Witness

- (e) The total cost of all the termination payments was \$1,154,892.99, and the total cost of the additional severance payments was \$199,307.90. The total cost to RQL (including leave entitlements and superannuation) was \$1,858,420.73; and
- (f) The payments were authorised by Ms Sharon Drew at 3.28pm and by myself at 3.35pm. The payments were processed by the NAB at 4.31pm.

191. I have attached to this statement copies of letter that I sent to each of the four employees enclosing payslips detailing their termination payments:

- (a) letter dated 28 March 2012 to Malcolm Tuttle, a copy of which appears as Attachment "ABC-228" to this Statement [RQL.008.002.0072];
- (b) letter dated 28 March 2012 to Jamie Orchard, a copy of which appears as Attachment "ABC-229" to this Statement [RQL.008.002.0047];
- (c) letter dated 28 March 2012 to Paul Brennan, a copy of which appears as Attachment "ABC-230" to this Statement [RQL.008.002.0067]; and
- (d) letter dated 28 March 2012 to Shara Murray, a copy of which appears as Attachment "ABC-231" to this Statement [RQL.008.002.0012].

192. At 5.33pm on 28 March 2012, I received an email from Mike Kelly (Executive Director, Office of Racing) attaching a letter from Jeff Seeney MP which enclosed a notice of direction under s45 of the *Racing Act 2002*. A copy of the email that I received from Mr Kelly, along with its attachment, appears as Attachment "ABC-232" to this Statement [RQL.136.007.0211] [RQL.136.007.0213].

193. The notice of direction provided, among other things, that RQL was not to make redundancy/termination payments to any staff. I had not, prior to that time, received any verbal notification regarding the termination payments.

194. At 6.31pm on 28 March 2012, I received an email from Mr Kelly attaching a further letter from Jeff Seeney MP regarding proposed audits of RQL. A copy of that email, along with its attachment, appears as Attachment "ABC-233" to this Statement [RQL.136.007.0207] [RQL.136.007.0209].

Deponent

Witness

195. I also recall that Mr Bob Lette resigned from his position as a director of RQL on 28 March 2012. A copy of an email from Mr Lette to myself and Mr Bentley of 28 March 2012 which attaches his letter of resignation appears as Attachment ""ABC-234" to this Statement [RQL.136.007.0198] [RQL.136.007.0200].

6. QUEENSLAND RACE PRODUCT CO LIMITED and TATTS GROUP (paragraph 3(f) of the Terms of Reference)

6.1 The operations of the **Relevant Entities** in the **Relevant Period** with respect to the arrangements between Queensland Race Product Co Limited and Tatts Group (formerly UNiTAB) concerning fees paid by Tatts Group for Queensland wagering on interstate races through TattsBet ("**Fee Arrangements**").

6.2 How Queensland Race Product Co Limited responded to the introduction of race information fees.

6.3 Whether there was legal or other expert advice obtained by the boards of the **Relevant Entities** as to the effect on fees payable by the Tatts Group to Queensland Race Product Co Limited as a consequence of race information fees being introduced.

6.4 Any action taken or not taken as a consequence of the legal or other expert advice and whether there were reasons for taking or for not taking action in accordance with the advice.

6.5 When the race information fees were introduced or at any other time in the **Relevant Period**, whether the directors and senior executives of the **Relevant Entities** acted in relation to the **Fee Arrangements**:

(a) in good faith;

(b) consistently with their responsibilities;

(c) consistently with their duties and legal obligations; and

(d) in the best interests of the company or companies of which they were directors or senior executives.

(e) Whether the actions of the directors and/or senior executives of the **Relevant Entities** relating to the **Fee Arrangements** were influenced by a conflict of interest when the race information fees were introduced or at any other time in the **Relevant Period**.

6.6 Whether, in relation to the **Fee Arrangements**, the directors and the senior executives of the **Relevant Entities** used their position to gain a personal advantage when the race information fees were introduced or at any other time in the **Relevant Period**.

Operations of the **Relevant Entities** in the **Relevant Period** with respect to the arrangements between Queensland Race Product Co Limited and Tatts Group (formerly UNiTAB) concerning fees paid by Tatts Group for Queensland wagering on interstate races through TattsBet ("**Fee Arrangements**").


196. Attachment "ABC-235" to this Statement is a copy of the Product and Program Agreement dated 9 June 1999 (the **PPA**) [RQL.101.003.1563].

197. The PPA was entered into between the following entities:

(a) Totalisator Administration Board of Queensland (**TABQ**);

(b) Queensland Race Product Co Ltd (**Product Co**); and


Deponent


Witness

- (c) the Queensland Principal Club, Queensland Harness Racing Board and Greyhound Racing Authority.
198. Since the PPA was entered into, TABQ became UNiTAB Limited and is now TattsBet. For the purposes of this Statement, all references will be to TattsBet.
199. By its constitution, the stated object of Product Co is to encourage animal racing by acting as agent for the Queensland Racing Industry in its relationship with TattsBet. Attachment "ABC-236" to this Statement is a copy of Product Co's constitutions dated 28 June 1999 [RQL.105.008.0173] and Attachment "ABC-237" is a copy of its constitution dated 16 October 2006 [RQL.105.006.0037].
200. The PPA was amended on 1 October 2002. Attachment "ABC-238" to this Statement is a copy of Amendment Deed No. 1 dated 1 October 2002 [RQL.106.004.0001].
201. Clause 3 of the PPA provides that it operates for the period for which the race wagering licence granted to TattsBet under the *Wagering Act 1998 (Qld)* (**Wagering Act**) gives it "exclusivity". Section 4 of the Wagering Act provides that the "exclusivity period" is 15 years commencing from 1 July 1999. Therefore, the PPA is in effect until 30 June 2014 unless terminated earlier by the parties.
202. At the time the PPA was entered into, throughout Australia there was no requirement for wagering operators to pay racing authorities from other States and Territories for the use of their racing product.
203. Rather, there was a so-called "Gentlemen's Agreement" in which:
- (a) betting and racing information could be freely exchanged between the States and Territories throughout Australia;
 - (b) TABs and bookmakers could accept wagers on interstate racing without paying for the privilege (rather payment was made to the local racing industry); and
 - (c) TABs refrained from competing for customers outside the State or Territory in which they were located.
204. In accordance with clause 10.1 of the PPA, product and program fees were paid by TattsBet to Product Co on a monthly basis in arrears within ten business days of the end of each month.

Deponent

Witness

205. Pursuant to an Intercode Agreement dated 30 June 1999, the Queensland Principal Club, the Queensland Harness Racing Board and the Greyhound Racing Authority set out an agreed distribution of the fees received by Product Co from Tattsbet. The distribution as set out clause 4.1 was as follows:

- (a) Thoroughbred Code: 76.0%
- (b) Harness Code: 14.5%
- (c) Greyhound Code: 9.5%

206. Attachment "ABC-239" to this Statement is a copy of the Intercode Agreement dated 30 June 1999 [RQL.105.002.0126].

207. Clause 10.2 of the PPA provides that TattsBet is irrevocably authorised to deduct and set off from the fee payable pursuant to clause 10.1:

"(c) the Third Party Charge; and

(d) the amount calculated in accordance with clause 7.5(c)."


208. "Third Party Charge" is defined by clause 1.1 of the PPA to mean *"the amount of any fee payable or other consideration given by [TattsBet] to obtain the equivalent of the Australian Racing Product and the costs and expenses incurred by [TattsBet] in procuring the equivalent of the Australian Racing Product from a source other than Product Co."*

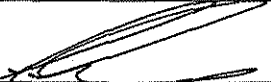
209. The board of QRL met on 2 February 2007. I attended parts of that meeting in my then capacity as Finance Manager of QRL.

210. Attachment "ABC-240" to this Statement is a copy of the minutes of that meeting [RQL.108.001.0166]. Those minutes record at 4.12 that Andrew Hedges (Director of Integrity Operations) and Reid Sanders (Chief Steward) presented a report in relation to 'Race Fields Legislation and Betting Exchanges'. I do not recall being present.

211. Attachment "ABC-241" to this Statement is a copy of a memorandum dated 28 April 2008 from Malcolm Tuttle to Bob Bentley and copied to me [RQL.106.004.0241].

212. The board of QRL met on 4 July 2008. I attended that meeting in my then capacity as Finance Manager of QRL.


Deponent



Witness

213. Attachment "ABC-242" to this Statement is a copy of the minutes of that meeting [RQL.108.002.0382].
214. The 'Product and Strategy Committee' was a committee established between members of TattsBet and each of the then three control bodies. I recall that I provided wagering analysis to Mr Tuttle for the purposes of this committee.
215. The Product and Strategy Committee met on 15 July 2008. Attachment "ABC-243" to this Statement is a copy of the minutes of that meeting [RQL.106.004.0272].
216. On 22 July 2008, Racing NSW sent a letter to TattsBet which was copied to QRL. Attachment "ABC-244" to this Statement is a copy of that letter [RQL.103.001.2363].
217. On 24 July 2008 TattsBet sent a letter to QRL, a copy of which appears as Attachment "ABC-245" to this Statement [RQL.106.002.0119].
218. Attachment "ABC-246" to this Statement is a copy of a Board Pack issued to Bob Bentley in relation to QRL Board Meeting No. 24 on 8 August 2008 [RQL.123.011.0239]. That Attachment contains various documents which I will refer to individually below.
219. On 29 July 2008, Bob Bentley (in his capacity as Chairman of QRL) sent a letter to the Honourable Andrew Fraser MP (Treasurer). A copy of that letter appears at RQL.123.011.0274 of Attachment "ABC-246" to this Statement.
220. On 30 July 2008, Shara Reid (formerly Murray) prepared a memorandum for Malcolm Tuttle in relation to the race fields legislation in NSW, a copy of which appears as Attachment "ABC-247" to this Statement [RQL.101.003.0819].
221. The Board of QRL met on 8 August 2008. I attended that meeting in my then capacity as Finance Manager of QRL.
222. Attachment "ABC-248" to this Statement is a copy of the minutes of that meeting [RQL.108.002.0368].
223. Mr Lambert presented a paper to the Board entitled "*Race Fields Legislation and the Gentleman's Agreement*", a copy of which appears at RQL.123.011.0285 of Attachment "ABC-246" to this Statement.

Deponent

Witness

224. On 28 August 2008 QRL sent a letter to Racing NSW in relation to the timing of the impact of the NSW Race Fields legislation, a copy of which appears at Attachment "ABC-249" to this Statement [RQL.106.002.0105].
225. On 3 September 2008, Racing NSW sent a letter to Queensland Racing, a copy of which appears as Attachment "ABC-250" to this Statement [RQL.106.002.0104]. In that letter, Racing NSW advised that it did not give a commitment to reimburse Principal Racing Authorities for fees paid by them under the NSW race fields legislation during a transitional period.
226. On 4 September 2008, I sent an email to Barrie Fletton of TattsBet in which, among other things, I queried whether the fees charged by NSW would be deducted by TattsBet from the product fee payable to Product Co:
- "Will the amount charged by NSW be deducted from the variable Product Fee similar to the fees paid on overseas racing which equates to the Total Product Fee payable to Product Co?"*
227. Mr Fletton replied to my email later that day, and confirmed that those fees would be deducted by TattsBet from the product fee payable to Product Co. A copy of my email exchange with Mr Fletton (as forwarded by me to Shara Murray) appears at Attachment "ABC-251" to this Statement [RQL.106.002.0036].
228. The QRL Audit Committee met on 5 September 2008. I attended that meeting in my then capacity as Finance Manager of QRL. Attachment "ABC-252" to this Statement is a copy of the minutes of that meeting [RQL.109.004.3370].
229. The Board of QRL met later that day. I attended that meeting in my then capacity as Finance Manager of QRL. Attachment "ABC-253" to this Statement is a copy of the minutes of that meeting [RQL.108.002.0351].
230. On 10 September 2008, QRL sent a letter (signed by Shara Murray) to Racing NSW in relation to the time from which Racing NSW would apply NSW race fields legislation to UniTab. A copy of that letter appears at Attachment "ABC-254" to this Statement [RQL.106.002.0099].
231. Racing NSW replied to QRL's letter on 12 September 2008. A copy of that letter appears at Attachment "ABC-255" to this Statement [RQL.106.002.0090].


Deponent


Witness

232. The Board of QRL met on 3 October 2008. I attended that meeting in my then capacity as Finance Manager of QRL. Attachment "ABC-256" to this Statement is a copy of the minutes of that meeting [RQL.108.002.0342].
233. In or about early October 2008, I prepared a memorandum in conjunction with Shara Murray and Malcolm Tuttle entitled '*NSW Race Fields Legislation*' which attaches a spreadsheet entitled '*Race Fields Legislation Impact on Wagering Turnover through UNiTAB on NSW Product Only*'. A copy of that memorandum appears as Attachment "ABC-257" to this Statement [RQL.101.003.1190].
234. On 9 October 2008, I emailed Brad Tamer of TattsBet to request various information regarding the impact of race fields legislation on each of the three codes. Brad Tamer replied later that day by providing the information that I had requested. A copy of my email exchange with Mr Tamer (as forwarded by me to Shara Murray) appears at Attachment "ABC-258" to this Statement [RQL.103.001.2243].
235. On 13 October 2008, a General Meeting of Product Co was held. I have attached to this statement two unsigned versions of the minutes of that meeting (Attachment "ABC-259" [RQL.106.002.0087] and Attachment "ABC-260" [RQL.106.003.0028]). I attended on behalf of QRL along with Malcolm Tuttle and Shara Reid (formerly Murray). Ms Reid and I provided an update regarding the NSW race fields legislation.
236. On 29 October 2008, Malcolm Tuttle emailed David Grace of Cooper Grace Ward regarding the introduction of race fields legislation, a copy of which appears at Attachment "ABC-261" to this Statement [RQL.103.001.2217].
237. On 30 October 2008, Mr Tuttle forwarded his earlier email to David Grace to Carol Perrett (Office of Racing), a copy of which appears at Attachment "ABC-262" to this Statement [RQL.103.001.2299].
238. Later on 30 October 2008, Mr Tuttle forwarded to David Grace an earlier email that he sent to Ms Perrett regarding the introduction of race fields legislation. A copy of that email appears at Attachment "ABC-263" to this Statement [RQL.103.001.2209].
239. On 1 November 2008, Bob Bentley sent an email to Dick McIlwain of TattsBet (copied to Mr Tuttle and Mr Grace). A copy of that email appears at Attachment "ABC-264" to this Statement [RQL.103.001.2296].

Deponent


Witness

240. On 3 November 2008, QRL sent a letter to Cooper Grace Ward confirming their engagement to advise in relation to the draft *Racing Amendment Bill (No. 2) 2008* (Qld) and associated regulations on QRL's agreed standard terms and conditions. A copy of that letter appears at Attachment "ABC-265" to this Statement [RQL.103.001.2292].
241. Also on 3 November 2008, Mr Tuttle sent an email to Mr Grace, a copy of which appears at Attachment "ABC-266" to this Statement [RQL.103.001.2290].
242. The Board of QRL met on 7 November 2008. I attended that meeting in my then capacity as Finance Manager of QRL.
243. Attachment "ABC-267" to this Statement is a copy of the minutes of that meeting [RQL.108.002.0331]. The minutes record at 3.1 that:
- "Mr Carter provided the Board with information relating to the finance and wagering performance and results of QRL for the month ended 30 September 2008.... Revenue was down \$1.1 M on budget. This is due to the 1.5% NSW Race Fields legislation fee which directly impacted QRL by \$496K. Product and Program Fee in total was 10.1% or \$833K below budget for the month."*
244. As part of my presentation to the Board, I prepared a "Finance and Wagering Report". A copy of that report appears at Attachment "ABC-268" to this Statement [RQL.124.003.0394].
245. On 10 November 2008, Cooper Grace Ward sent a letter to Malcolm Tuttle which referred to their meeting on 4 November 2008 and telephone discussion with Dick McIlwain (TattsBet). A copy of that letter appears at Attachment "ABC-269" to this Statement [RQL.103.001.2350]. It enclosed a draft letter to TattsBet regarding the terms of the PPA, a copy of which appears at Attachment "ABC-270" to this Statement [RQL.103.001.2351].
246. On 11 November 2008, Cooper Grace Ward sent a letter to TattsBet regarding the terms of the PPA, a copy of which appears at Attachment "ABC-271" to this Statement [RQL.103.001.2275].
247. Also on 11 November 2008, Cooper Grace Ward sent a draft advice to Malcolm Tuttle in relation to the fees payable to Product Co by TattsBet in light of the introduction of race information fees. A copy of that draft advice appears at Attachment "ABC-272" to this Statement [RQL.103.001.2253].

Deponent

Witness


248. On 18 November 2008, David Grace emailed to Malcolm Tuttle a copy of Cooper Grace Ward's finalised advice regarding the fees payable to Product Co by TattsBet in light of the introduction of race information fees. A copy of that email and the finalised advice appear at Attachment "ABC-273" to this Statement [RQL.103.001.2341 and RQL.103.001.2342].
249. On 4 December 2008, a General Meeting of Product Co was held. Attachment "ABC-274" to this Statement is a copy of the minutes of that meeting [RQL.105.001.0223]. I did not attend that meeting.
250. The Board of QRL met on 5 December 2008. I attended that meeting in my then capacity as Finance Manager of QRL. Attachment "ABC-275" to this Statement is a copy of the minutes of that meeting [RQL.108.002.0323].
251. I presented a Finance and Wagering Report to the Board, which stated among other things:
"Product & Program Fee was 3.7% or \$332K above budget for the month. The 1.5% NSW Race Fields legislation (RFL) fee directly impacted QRL by \$420K in October. RFL YTD the impact on QRL \$915K based on the product Co split. YTD for all codes \$1.2M. No revenue has been taken into account for the [charge back]."
252. A copy of the Finance and Wagering Report appears at Attachment "ABC-276" to this Statement [RQL.124.003.0354].
253. On 3 February 2009, Cooper Grace Ward provided a further advice to QRL. A copy of that advice appears at Attachment "ABC-277" to this Statement [RQL.102.001.4946].
254. The Board of QRL met on 6 February 2009. I attended that meeting in my then capacity as Finance Manager of QRL. Attachment "ABC-278" to this Statement is a copy of the minutes of that meeting [RQL.108.002.0311].
255. I presented a Finance and Wagering Report to the Board, which stated among other things:
"Product & Program Fee was 9% or \$767K below budget for the month of December. The 1.5% NSW Race Fields legislation (RFL) fee directly impacted QRL by \$410K in November and \$725K in December. RFL YTD impact on QRL was \$2.05M based on the product Co split. YTD for all codes \$2.7M. To date no revenue has been taken into account for the charge back on Queensland Product."


Deponent


Witness

256. A copy of the Finance and Wagering Report appears at Attachment "ABC-279" to this Statement [RQL.124.003.0326].
257. On 5 March 2009, a General Meeting of Product Co was held. Attachment "ABC-280" to this Statement is a copy of the minutes of that meeting [RQL.105.001.0198]. I attended that meeting on behalf of QRL along with various others.
258. At the meeting on 5 March 2009, I presented a paper entitled 'Wagering Information Year to Date' and 'Impact of Race Fields Information fees Charges', a copy of which appears at Attachment "ABC-281" to this Statement [RQL.123.011.0913].
259. On 31 March 2009, Product Co sent a letter to the Office of Racing, a copy of which appears at Attachment "ABC-282" to this Statement [RQL.105.006.0030]. In that letter, Product Co sought the view of the Queensland Government in relation to the commercial intent of the PPA when first drafted in 1999 and the implications of the introduction of race information legislation.
260. On 28 May 2009, the Office of Racing sent a letter to Product Co regarding the interpretation of the PPA. A copy of that letter appears at Attachment "ABC-283" to this Statement [RQL.105.006.0031].
261. On 4 June 2009, a General Meeting of Product Co was held. Attachment "ABC-284" to this Statement is a copy of the minutes of that meeting [RQL.105.001.0097]. I attended that meeting on behalf of QRL along with various others.
262. I prepared a briefing note for the meeting on 4 June 2009, entitled "*Implementation of Race Information Legislation*". A copy of that briefing note appears at Attachment "ABC-285" to this Statement [RQL.109.005.1745].
263. On 23 July 2009, QRL sent a letter to the Office of Racing which enclosed the advice of Cooper Grace Ward dated 18 November 2008. A copy of that letter appears at Attachment "ABC-286" to this Statement [RQL.106.002.0002].
264. On 18 September 2009, a General Meeting of Product Co was held. Attachment "ABC-287" to this Statement is a copy of the minutes of that meeting [RQL.105.001.0101]. I attended that meeting on behalf of QRL along with various others.


Deponent


Witness

265. On 27 October 2009, QRL sent a letter to Tattsbet. Attachment "ABC-288" to this Statement is a copy of a draft version of that letter dated 21 October 2009 [RQL.101.003.4715]. There does not appear to be a final version of that letter as part of the records of Racing Queensland.
266. On 29 October 2009, Tattsbet sent a letter to QRL. Attachment "ABC-289" to this Statement is a copy of that letter [RQL.105.001.0106].
267. On 17 November 2009, a General Meeting of Product Co was held. Attachment "ABC-290" to this Statement is a copy of the minutes of that meeting [RQL.105.001.0088].
268. An Annual General Meeting of Product Co was also held on 17 November 2009. Attachment "ABC-291" to this Statement is a copy of the minutes of that meeting [RQL.105.005.0058].

7. FUNDS TRANSFER IN FEBRUARY 2012: QUEENSLAND GOVERNMENT TO RACING QUEENSLAND LIMITED INFRASTRUCTURE TRUST ACCOUNT (paragraph 3(g) of the Terms of Reference)

7.1 Events surrounding the approved transfer of funds by the Queensland Government to the Racing Queensland Limited Infrastructure Trust Account in February 2012.

7.2 The basis upon which the transfer of funds was made.

7.3 Was any influence exercised by directors of Racing Queensland Limited in relation to having the transfer made.

269. On 28 January 2011, Mr Bentley wrote to the relevant Minister, Mr Lawlor, seeking reimbursement of industry infrastructure plan costs. A copy of that letter appears at Attachment "ABC-292" to this Statement [RQL.136.007.0425].
270. On 15 January 2012, I received an email from Malcolm Tuttle instructing me to attend to the finalisation of the business case funding as a matter of priority. A copy of that email appears at Attachment "ABC-293" to this Statement [RQL.136.007.0424].
271. I have attached to this statement various business cases prepared by RQL in 2011 and early 2012 in relation to the following clubs:
- (a) Gold Coast Turf Club, a copy of which appears as Attachment "ABC-294" to this Statement [RQL.136.007.0273];
 - (b) Ipswich Turf Club, a copy of which appears as Attachment "ABC-295" to this Statement [RQL.136.007.0310];

Deponent


Witness

- (c) 'Cronulla Park' at Logan, a copy of which appears as Attachment "ABC-296" to this Statement [RQL.136.007.0337];
 - (d) 'Callaghan Park' at Rockhampton, a copy of which appears as Attachment "ABC-297" to this Statement [RQL.136.007.0377];
 - (e) Beaudesert Race Course, a copy of which appears as Attachment "ABC-298" to this Statement [RQL.136.007.0216]; and
 - (f) 'Cannon Park' at Cairns, a copy of which appears as Attachment "ABC-299" to this Statement [RQL.136.007.0243].
272. My role in the preparation of the business cases was to analyse relevant financial data, and to prepare the sections of the business cases entitled "Financial Viability / Club Structure". It was not my role to make recommendations about the proposed funding.
273. On 2 February 2012, Mr Tuttle sent a letter to Mr Kelly seeking approval of funds of \$2,750,000.00 for the purpose of engaging external consultants. Those costs had been incurred at that time. A copy of that letter appears at Attachment "ABC-300" to this Statement [RQL.136.007.0433].
274. I received an email from Mr Pat Zuj, Principal Compliance Officer at the Office of Racing, at 2.19pm on 14 February 2012, requesting that I raise tax invoices for the Racing Industry Capital Development Scheme projects for Beaudesert, Cairns, Rockhampton and Logan and for the reimbursement of external and internal consultants. I forwarded that email to Janet Roth, Accounts Receivable Officer within the finance department, and requested that she attend to processing the invoices. A copy of the email I forwarded to Ms Roth appears as Attachment "ABC-301" to this Statement [RQL.136.002.0007].
275. A schedule (prepared internally) setting out the amounts of the required tax invoices appears as Attachment "ABC-302" to this Statement [RQL.136.002.0006].
276. Tax invoices were raised on 14 February 2012 and provided to Mr Zuj. Attachment "ABC-303" to this Statement is a copy of an email sent from Ms Roth to Mr Zuj at 5.24pm on 14 February 2012 along with its attachments [RQL.136.005.0280] [RQL.136.005.0281] [RQL.136.005.0282] [RQL.136.005.0283] [RQL.136.005.0284] [RQL.136.005.0285].


Deponent


Witness

277. At 10.17am on 16 February 2012, I on-forwarded Ms Roth's earlier email to Mr Zuj and queried whether he required that RQL raise tax invoices for the Gold Coast Turf Club and the Ipswich Turf Club. Attachment "ABC-304" to this Statement is a copy of my email to Mr Zuj sent at 10.17am on 16 February 2012 [RQL.136.005.0286].
278. Mr Zuj replied at 10.38am on 16 February 2012, and requested that RQL also raise invoices for the Gold Coast Turf Club and Ipswich Turf Club. Attachment "ABC-305" to this Statement is a copy of Mr Zuj's email sent to me at 10.38am on 16 February 2012 [RQL.136.005.0298].
279. At 10.41am on 16 February 2012, I sent an email to Mr Zuj requesting that he confirm the amounts of these invoices. Attachment "ABC-306" to this Statement is a copy of my email to Mr Zuj sent at 10.41am on 16 February 2012 [RQL.136.005.0304].
280. Mr Zuj replied at 10.52am and provided the requested amounts. Attachment "ABC-307" to this Statement is a copy of Mr Zuj's email sent to me at 10.52am on 16 February 2012 [RQL.136.005.0310].
281. A schedule (prepared internally) setting out the amounts of the tax invoices for the Gold Coast Turf Club and Ipswich Turf Club appears as Attachment "ABC-308" to this Statement [RQL.136.002.0011].
282. At 12.27pm on 16 February 2012, Ms Roth sent an email to Mr Zuj attaching tax invoices for the Gold Coast Turf Club and Ipswich Turf Club. Attachment "ABC-309" to this Statement is a copy of Ms Roth's email to Mr Zuj sent at 12.27pm along with its attachments [RQL.136.005.0328] [RQL.136.005.0330] [RQL.136.005.0331].
283. At 8.15am on 17 February 2012, I sent an email to Ms Perrett and Mr Zuj following up when the instalments and the reimbursement would be made. Attachment "ABC-310" to this Statement is a copy of my email to Ms Perrett and Mr Zuj sent at 8.15am on 17 February 2012 [RQL.136.005.0335].
284. The payments for Beaudesert Race Course, 'Cronulla Park' at Logan, 'Callaghan Park' at Rockhampton and 'Cannon Park' at Cairns were received by RQL on 17 February 2012. Attachment "ABC-311" to this Statement is a copy of an NAB Connection Transaction History Report showing the amount of \$6,807,359.64 received from the Office of Racing [RQL.136.007.0418].


Deponent


Witness


285. The payment for the Gold Coast Turf Club was received on 20 February 2012. Attachment "ABC-312" to this Statement is a copy of an NAB Connection Transaction History Report showing the amount of \$3,850,000.00 received from the Office of Racing [RQL.136.007.0407].
286. The payment for the internal/external consultants was received on 2 March 2012. Attachment "ABC-313" to this Statement is a copy of an NAB Connection Transaction History Report showing the amount of \$3,075,919.64 received from the Office of Racing [RQL.136.007.0436].
287. I recall that the invoice raised for the Ipswich Turf Club was subsequently reversed and a credit note was issued. A copy of the credit note appears as Attachment "ABC-314" to this Statement [RQL.136.007.0434]. I note that this copy of the credit note bears the date 2 August 2013. The reason for this is that this is the date on which it was printed from Racing Queensland's accounting system, however, the original credit note as issued would have been dated on or about 16 February 2012 being the date of the invoice raised in respect of the Ipswich Turf Club.

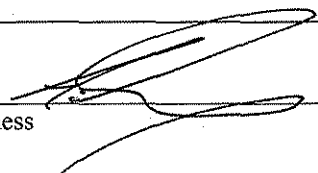
8. ANY OTHER RELEVANT MATTER

8.1 Any other matter relevant to the Commission's Terms of Reference.

Improvements in Racing Queensland

288. Since the time of my appointment as Acting Chief Executive Officer, I have sought to implement changes to the policies and practices of Racing Queensland. Some of these changes I had been advocating for some time, but it was not until I was appointed Acting Chief Executive Officer that I was in a position to progress their implementation.
289. I set out below these changes:
- (a) the introduction of a cost control group. The function of the cost control group is to review non-recurring, capital and project costs in excess of \$2,000, to review and control the timing of expenditure so as to maintain as positive a business cash flow as possible, to ensure costs are in line with budget, and staff are compliant. It requires a minimum of two members to approve spending, and all submissions must be made in writing with supporting documentation via the cost control group email.


Deponent


Witness

Any expenditure exceeding \$10,000.00 requires three quotes as per the Racing Queensland Purchasing Policy;

- (b) the updating of the purchasing procurement delegation policy. Financial and non-financial delegations were reviewed across the organisation, and new delegations were imposed which are now strictly enforced;
- (c) the review of the corporate structure of the organisation, including the creation of clear lines of reporting. By way of example, there has been a reduction in the number of departments reporting directly to the Chief Executive Officer. There are now only three lines of reporting, being the General Manager (Corporate Services), General Manager (Operations) and the Chairman of Stewards (Integrity and Stewarding);
- (d) the full implementation of an IPOS system in or about May 2012;
- (e) the introduction of process maps for procurement methods. This highlighted key aspects of infrastructure and non-infrastructure purchasing;
- (f) procurement training to the industry infrastructure group, provided by Clayton Utz;
- (g) the introduction of a business process review group, to focus upon efficiencies across the organisation;
- (h) the introduction of new template contracts, settled by Clayton Utz;
- (i) the maintenance of an updated contracts register;
- (j) the appointment of a contracts administrator;
- (k) the engagement of a full-time risk management consultant;
- (l) a detailed due diligence was undertaken as part of the transition from RQL to Racing Queensland, by Clayton Utz;
- (m) the review of all policies of Racing Queensland, including those mentioned above as well as human resources policies and the introduction of a fraud policy and control plan;

Deponent

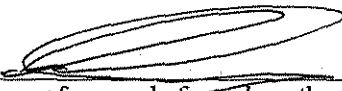
Witness

- (n) the introduction of single source monthly compliance reporting in respect of statutory obligations and funding deeds;
- (o) the introduction of quarterly plans, which are subsequently reviewed and reported to the board;
- (p) a deliberate shift in the focus of the organisation, to seek to work more collaboratively with stakeholder groups within the industry. This has included the implementation of a customer service charter, the scheduling of quarterly meetings with the stakeholder groups for the purposes of sharing information, as well as internally, creating a new mission statement for the organisation entitled 'CARE' (Collaborate Assist Regulate Enable) to seek to enhance workplace culture; and
- (q) the introduction of weekly corporate service meetings, and monthly management meetings with agendas, minutes, and action lists ensuring staff are more accountable.


I make this statement conscientiously believing the same to be true, and by virtue of the provisions of the Oaths Act 1867 (Qld).

Dated 2 August 2013

Signed and declared by Adam Bret Carter at
Brisbane in the State of Queensland
this 2nd day of August 2013
Before me:



Signature of person before whom the declaration is made



Signature of declarant

ALEXANDER NORDANG, SOLICITOR
Full name and qualification of person before whom the
declaration is made

Queensland Racing
Commission of Inquiry

2226419 - R1

5 July 2013

Mr Adam Carter
C/- Clayton Utz
GPO Box 55
BRISBANE QLD 4001

Dear Mr Carter

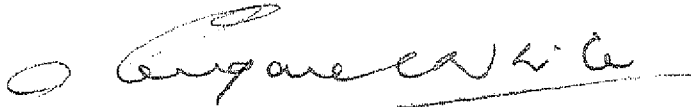
**REQUIREMENT TO PROVIDE WRITTEN STATEMENT TO RACING
COMMISSION OF INQUIRY**

Please find enclosed a notice requiring you to give written information in a statement to the Queensland Racing Commission of Inquiry established by the *Commissions of Inquiry Order (No. 1) 2013*.

The statement is to be provided to the Commission on or before 26 July 2013, at the place and in the manner specified in the notice.

If you require further information, clarification or assistance, please contact (at first instance) the Commission's Secretary, Joanne Bugden, on 1300 763 087.

Yours sincerely



Commissioner
The Hon. Margaret White AO



QUEENSLAND RACING COMMISSION OF INQUIRY

Commissions of Inquiry Act 1950
Section 5(1)(d)

REQUIREMENT TO GIVE INFORMATION IN A WRITTEN STATEMENT

To: Adam Carter
Of: C/- Clayton Utz, GPO Box 55, BRISBANE QLD 4001

I, **THE HONOURABLE MARGARET WHITE AO**, Commissioner appointed pursuant to *Commissions of Inquiry Order (No. 1) 2013* to inquire into certain matters pertaining to racing in Queensland ("the Commission") require you to give a written statement to the Commission pursuant to section 5(1)(d) of the *Commissions of Inquiry Act 1950* in regard to your knowledge of the matters set out in the Schedule annexed hereto.

YOU MUST COMPLY WITH THIS REQUIREMENT BY:

Giving a written statement prepared either in affidavit form or verified as a statutory declaration under the *Oaths Act 1867* and in accordance with the Practice Guideline (which is published on the Commission website at www.racinginquiry.qld.gov.au) to the Commission on or before 26 July 2013, by delivering it to the Commission at Level 1, 50 Ann Street, BRISBANE, or to the Commission's secretary at PO Box 12369, George Street, BRISBANE, or electronically to info@racinginquiry.qld.gov.au.

If you believe that you have a reasonable excuse for not complying with this notice, for the purposes of section 5(2)(b) of the *Commissions of Inquiry Act 1950* you will need to provide evidence to the Commission in that regard by the due date specified above.

DATED this fifteen day of July 2013

The Hon. Margaret White AO
Commissioner
Queensland Racing Commission of Inquiry

SCHEDULE

Commission of Inquiry Act 1950

1. CONTRACT MANAGEMENT AND FINANCIAL ACCOUNTABILITY (paragraph 3(a) of the Terms of Reference)
 - 1.1 In respect of the procurement, contract management and financial accountability of the *Relevant Entities (defined below)* during the *Relevant Period (defined below)* what were the:
 - (a) policies;
 - (b) processes;
 - (c) guidelines; and
 - (d) measures which were used to ensure contracts which were awarded delivered value for money.
 - 1.2 In respect of the policies, processes, guidelines and measures were they adhered to?
 - 1.3 Events surrounding all contractual arrangements between the *Relevant Entities* and Contour Consulting Engineers Pty Ltd ("*Contour*") including those contracts where Contour was contracted to manage contracts on behalf of the *Relevant Entities*.
 - 1.4 In respect of contracts which were entered into between the *Relevant Entities* and *Contour*:
 - (a) Whether each contract was underpinned by procurement practices;

(b) Whether, for each contract, payment policies and processes:

(i) were implemented; and

(ii) were adhered to.

2. MANAGEMENT (paragraph 3(b) of the Terms of Reference)

2.1 As to the *Relevant Entities* during the *Relevant Period*, the

(a) management policies;

(b) management processes;

(c) management guidelines; and

(d) workplace culture and practices

that were in place and whether each one:

(a) ensured integrity; and

(b) was adhered to.

2.2 The involvement of the boards or members of the boards of the *Relevant Entities* in the exercise of functions of:

(a) the executive management team; and

(b) other key management personnel, including the company secretary and those involved in integrity matters.

3. CORPORATE GOVERNANCE (paragraph 3(c) of the Terms of Reference)

3.1 The corporate governance arrangements of Racing Queensland Limited in the *Relevant Period*.

3.2 Whether Racing Queensland Limited and its *Officers* operated and acted:

- (a) with integrity;
- (b) in accordance with the company's constitution;
- (c) in the best interests of the company;
- (d) in the best interests of the racing industry;
- (e) consistently with policies made pursuant to sections 81 and 83(2) of the *Racing Act 2000* by the Relevant Entities which were current during the Relevant Period; and
- (f) consistently with legislation including the *Racing Act 2000* and the *Corporations Act 2001*.

3.3 In the *Relevant Period* were there in place policies, rules and procedures within Racing Queensland Limited to:

- (a) identify and manage conflicts of interest; and
- (b) minimise the risk of directors and executives improperly using their position and information for personal or financial gain.

3.4 Within Racing Queensland Limited during the *Relevant Period* were there in place terms of employment in contracts restraining former directors and executives from seeking employment with Racing Queensland Limited's contractors and suppliers.

4. **OVERSIGHT BY THE MINISTER, THE EXECUTIVE GOVERNMENT, THE CHIEF EXECUTIVE** (paragraph 3(d) of the Terms of Reference)

4.1 Oversight of the operations of the *Relevant Entities* in the *Relevant Period* by:

- (a) the responsible Minister;
- (b) the Executive Government; and
- (c) the Chief Executive.

5. **EMPLOYMENT CONTRACTS: TUTTLE, ORCHARD, BRENNAN, REID**
(paragraph 3(c) of the Terms of Reference)

5.1 The events surrounding the renegotiation of employment contracts in 2011, for the following senior executives of Racing Queensland Limited:

- (a) Malcolm Tuttle;
- (b) Jamie Orchard;
- (c) Paul Brennan; and
- (d) Shara Reid (formerly Murray).

5.2 The events surrounding the payouts made under the abovementioned contracts on the voluntary termination in March 2012 of the employment of:

- (a) Mr Tuttle;
- (b) Mr Orchard;
- (c) Mr Brennan; and
- (d) Ms Reid.

5.3 The actions of the directors and senior executives of Racing Queensland Limited referred to in paragraph 5.1 and 5.2 hereof and:

- (a) the responsibilities;
- (b) duties; and
- (c) legal obligations of those persons.

6. **QUEENSLAND RACE PRODUCT CO LIMITED and TATTS GROUP** (paragraph 3 (f) of the Terms of Reference)

- 6.1 The operations of the *Relevant Entities* in the *Relevant Period* with respect to the arrangements between Queensland Race Product Co Limited and Tatts Group (formerly UNITAB) concerning fees paid by Tatts Group for Queensland wagering on interstate races through TattsBet ("*Fee Arrangements*").
- 6.2 How Queensland Race Product Co Limited responded to the introduction of race information fees.
- 6.3 Whether there was legal or other expert advice obtained by the boards of the *Relevant Entities* as to the effect on fees payable by the Tatts Group to Queensland Race Product Co Limited as a consequence of race information fees being introduced.
- 6.4 Any action taken or not taken as a consequence of the legal or other expert advice and whether there were reasons for taking or for not taking action in accordance with the advice.
- 6.5 When the race information fees were introduced or at any other time in the *Relevant Period*, whether the directors and senior

executives of the *Relevant Entities* acted in relation to the *Fee Arrangements*:

- (a) in good faith;
- (b) consistently with their responsibilities;
- (c) consistently with their duties and legal obligations; and
- (d) in the best interests of the company or companies of which they were directors or senior executives.
- (e) Whether the actions of the directors and/or senior executives of the *Relevant Entities* relating to the *Fee Arrangements* were influenced by a conflict of interest when the race information fees were introduced or at any other time in the *Relevant Period*.

6.6 Whether, in relation to the *Fee Arrangements*, the directors and the senior executives of the *Relevant Entities* used their position to gain a personal advantage when the race information fees were introduced or at any other time in the *Relevant Period*.

7. FUNDS TRANSFER IN FEBRUARY 2012: QUEENSLAND GOVERNMENT TO RACING QUEENSLAND LIMITED INFRASTRUCTURE TRUST ACCOUNT
(paragraph 3(g) of the Terms of Reference)

7.1 Events surrounding the approved transfer of funds by the Queensland Government to the Racing Queensland Limited Infrastructure Trust Account in February 2012.

7.2 The basis upon which the transfer of funds was made.

7.3 Was any influence exercised by directors of Racing Queensland Limited in relation to having the transfer made.

8. ANY OTHER RELEVANT MATTER

8.1 Any other matter relevant to the Commission's Terms of Reference.

GLOSSARY

Officers - means:

- the directors of Racing Queensland Limited;
- the executive management team of Racing Queensland Limited;
- other key management personnel of Racing Queensland Limited;
- the company secretary of Racing Queensland Limited.

Relevant Entities -- means:

- Racing Queensland Limited
 - before July 2010: Queensland Racing Limited, Greyhounds Queensland Limited and Queensland Harness Racing Limited;
 - before July 2008: Greyhound Racing Authority and Queensland Harness Racing Board;
- entities controlled by Racing Queensland Limited or the other entities mentioned above, including Queensland Race Product Co Limited.

Relevant Period means 1 January 2007 to 30 April 2012.

Terms of Reference: the terms of reference for the Commission are contained in *Commissions of Inquiry Order (No. 1) 2013* which is available on the Commission's website at www.racinginquiry.qld.gov.au/.

**CONSTITUTION OF
QUEENSLAND RACING LIMITED**

ACN 116735374

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INDEX

CONSTITUTION OF QUEENSLAND RACING LIMITED

<u>1.</u>	<u>INTERPRETATION</u>	1
<u>2.</u>	<u>LIMITED COMPANY</u>	4
<u>3.</u>	<u>OBJECTS</u>	4
<u>4.</u>	<u>MEMBERSHIP</u>	5
<u>5.</u>	<u>RIGHTS OF MEMBERS</u>	6
<u>6.</u>	<u>CESSATION OF MEMBERSHIP</u>	6
<u>7.</u>	<u>APPOINTMENT OF MEMBER REPRESENTATIVES</u>	6
<u>8.</u>	<u>REMOVAL OF MEMBER REPRESENTATIVE</u>	8
<u>9.</u>	<u>ANNUAL GENERAL MEETING</u>	9
<u>10.</u>	<u>GENERAL MEETINGS</u>	9
<u>11.</u>	<u>PROCEEDINGS AT GENERAL MEETINGS</u>	9
<u>12.</u>	<u>VOTING</u>	11
<u>13.</u>	<u>AUTHORISED REPRESENTATIVE</u>	11
<u>14.</u>	<u>PROXIES</u>	11
<u>15.</u>	<u>APPOINTMENT, REMOVAL & REMUNERATION OF DIRECTORS</u> ...	13
<u>16.</u>	<u>CHAIRMAN</u>	14
<u>17.</u>	<u>SELECTION OF DIRECTORS</u>	15
<u>18.</u>	<u>POWERS AND DUTIES OF THE DIRECTORS</u>	16
<u>19.</u>	<u>PROCEEDINGS OF THE BOARD</u>	16
<u>20.</u>	<u>MEETINGS USING TECHNOLOGY</u>	17
<u>21.</u>	<u>NO ALTERNATE DIRECTORS</u>	17
<u>22.</u>	<u>DIRECTORS CONTRACTING WITH THE COMPANY</u>	17
<u>23.</u>	<u>COMPANY SECRETARY</u>	18
<u>24.</u>	<u>ACCOUNTS</u>	18
<u>25.</u>	<u>NOTICES</u>	19
<u>26.</u>	<u>WINDING-UP</u>	19
<u>27.</u>	<u>INDEMNITY</u>	20
	<u>APPENDIX A</u>	22
	<u>APPENDIX B</u>	23

Corporations Act 2001

A Company Limited by Guarantee and not having a Share Capital

**CONSTITUTION OF
QUEENSLAND RACING LIMITED**

1. INTERPRETATION

1.1 In this Constitution:

“Advertising Notice” means the advertising notice to be placed in all metropolitan and Queensland state-wide newspapers by the Company in accordance with clause 17.2.

“Annual General Meeting” means the general meeting held each year as required by the Corporations Act and this Constitution.

“Auditor” means the Auditor of the company appointed in accordance with clause 24.

“Authorised Representative” means the representative of a class of Members appointed in accordance with clause 13 from time to time.

“Business Day” means a day which is not a Saturday, Sunday or a public holiday in Brisbane.

“category” when referring to Class A Members means a Metropolitan TAB Club, an Other TAB Club, a Participant’s Association including those referred to in (d), (e), (f), (g) and (h) of the definition of Class A Members or a Committee such as that referred to in (c) of the definition of Class A Members.

“Chairman” means the chairman of the Board of Directors of the Company from time to time.

“Class A Members” means each of the following:

- (a) each of the Metropolitan TAB Clubs;
- (b) each of the Other TAB Clubs;
- (c) the Queensland Country Racing Committee;
- (d) the Australian Trainers’ Association (Queensland Branch);
- (e) the Thoroughbred Breeders’ Association of Queensland ABN 94 847 358 009;
- (f) the Thoroughbred Racehorse Owners’ Association of Queensland ABN 12 408 715 441;
- (g) the Queensland Jockeys’ Association Inc ABN 57 192 901 365;

- (h) Queensland Bookmakers' Association ABN 31 010 051 902; and
- (i) such other persons that are from time to time admitted to Class A Membership in accordance with clause 4.

“Class B Members” means the class of members consisting of all persons who are Directors of the Company from time to time.

“Class A Voting Right” means, subject to this Constitution, the right of all Class A Members to exercise one collective vote on Members' resolutions in accordance with the processes set out in this Constitution.

“Class B Voting Right” means the right of all Class B Members to exercise one collective vote on Members' resolutions in accordance with the processes set out in the Constitution.

“Company” means Queensland Racing Limited.

“Company Secretary” means the secretary of the Company.

“Corporations Act” means the *Corporations Act 2001*.

“Control Body” means a Control Body under the Racing Act, or a similar body under any Act passed in substitution of the Racing Act.

“Directors” or **“Board of Directors”** or **“Board”** means the directors of the Company.

“Director Candidates” means persons named on the Shortlist and to be considered by the Selection Committee in accordance with the provisions of clause 17.

“Financial Year” means the period from the date of establishment of the Company to the following 30 June, and after that, the period 1 July in a calendar year through to 30 June in the next calendar year or such other period of 12 consecutive months determined by the Board.

“Founding Directors” means the Directors referred to in clause 15.

“Independent Recruitment Consultant” an independent recruitment consultant engaged by the Board of the Company.

“Initial Term” means the term of not less than three years:

- (a) commencing on the date the Company is approved as the Control Body for thoroughbred racing pursuant to section 26 of the Racing Act; and
- (b) ending at the first Annual General Meeting which takes place after the expiration of three years from the commencement of the Initial Term.

“Licensed Club” has the meaning given in the Racing Act.

“Member” means the Class A Members and the Class B Members.

“Member Representatives” means a representative of a category of Class A members appointed in accordance with clause 7.

“Metropolitan TAB Clubs” means for the time being:

- (a) The Brisbane Turf Club Limited;
- (b) The Queensland Turf Club Limited; and
- (c) such other TAB Licensed Club as may from time to time come into existence and which is nominated as a “Metropolitan TAB Club” by the Board when admitted to membership in accordance with clause 4.

“**Minister**” means the Queensland Government Minister with responsibility for the Racing Act.

“**Notice of Meeting**” means a notice provided in accordance with clause 25.

“**Notice of Appointment**” means a notice provided in accordance with clause 7.

“**Office**” means the registered office for the time being of the Company.

“**Other TAB Clubs**” means for the time being:

- (a) The Townsville Turf Club ABN 75 509 244 921;
- (b) The Mackay Turf Club ABN 26 427 654 033;
- (c) The Rockhampton Turf Club ABN 51 815 034 474;
- (d) The Sunshine Coast Turf Club ABN 22 950 178 141;
- (e) The Ipswich Turf Club ABN 39 940 361 195;
- (f) The Toowoomba Turf Club ABN 61 398 954 669;
- (g) The Gold Coast Turf Club Limited ABN 22 426 910 791;
- (h) Tattersall’s Racing Club Inc ABN 44 468 727 842;
- (i) Clubs licensed by Queensland Racing to conduct ten or more TAB Race Meetings, or, more than three but less than ten Metropolitan Race Meetings; and
- (j) such other TAB Licensed Club as may from time to time come into existence and which is nominated as an “Other TAB Club” by the Board when admitted to membership in accordance with clause 4.

“**Participants’ Association**” means an association formed to represent and promote the interests of a group of persons having a common interest in the thoroughbred racing industry.

“**Queensland Country Racing Committee**” means the committee established pursuant to section 66 of the Racing Act.

“**Racing Act**” means the *Racing Act 2002* (Queensland).

“**Removal Notice**” means a notice provided in accordance with clause 8.2(b).

“**Replacement Entity**” means an entity described in clause 4.2.

“**Revocation Notice**” means a notice provided in accordance with clause 7.5.

“**Selection Committee**” means the Committee formed and convened in accordance with clause 17.

“Selection Criteria” means the criteria for the selection of directors set out in **Appendix A**.

“Shortlist” means the shortlist of Director Candidates formulated in accordance with clause 17.

“TAB Licensed Club” means a Licensed Club on which the TABQ offers wagering on the majority of races of thoroughbred horses conducted by the club in the current racing year, being the period from 1 August in a year to 31 July of the following year.

“TABQ” has the meaning given in the Racing Act.

1.2 **“State”** means the State of Queensland.

1.3 Unless the contrary intention appears in this Constitution, an expression used in a particular Part or Division of the Corporations Act that is given a special meaning for the purposes of that Part or Division has, in this Constitution where it deals with a matter dealt with by that Part or Division, the same meaning as in that Part or Division.

1.4 Words importing the singular include the plural (and vice versa) and words denoting a gender include all other genders.

1.5 Clause headings are inserted for convenience only and are not to be used in interpreting this Constitution.

1.6 Reference to legislation or to a provision of legislation includes any modification or re-enactment or any legislative provision substituted for it, and all regulations and subordinate legislation and statutory instruments issued under such legislation.

1.7 A reference to a clause number, unless the context otherwise requires, is a reference to a clause in this Constitution.

2. LIMITED COMPANY

2.1 The liability of the Members is limited to the payment of the amount prescribed by clause 26.3.

2.2 The name of the Company is “Queensland Racing Limited”.

2.3 The registered office of the Company will be as the Board of Directors determines from time to time, but must always be in the State of Queensland.

3. OBJECTS

3.1 The objects for which the Company is established are, in addition to those powers conferred by section 124 of the Corporations Act, to exercise the powers and perform the functions of a Control Body.

3.2 The income and property of the Company must be applied solely towards the promotion of the objects of the Company as set forth in this Constitution and no portion of it can be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit to the Members.

4. MEMBERSHIP

4.1 Members are those persons who are:

- (a) Class A Members; or
- (b) Class B Members.

4.2 A Class A Member may from time to time be:

- (a) re-organised;
- (b) amalgamated with another entity; or
- (c) wound up,

and another entity with substantially similar purposes and objectives may carry on the activities of that Member (the “**Replacement Entity**”).

4.3 The Replacement Entity is entitled to be admitted as a Class A Member, subject to Board approval. If the Replacement Entity can demonstrate to the Board that it has substantially similar purposes and objectives of the former Class A Member and its activities will include substantially all of the activities of the former Class A Member, then the Board shall approve the Replacement Entity as a Class A Member.

4.4 In the event that an entity becomes a TAB Licensed Club it will automatically be admitted as a Class A Member. The Board will nominate whether the new Class A Member is a “Metropolitan TAB Club” or an “Other TAB Club”.

4.5 A Participants’ Association may be admitted as a Class A Member if approved by the Board and by the Class A Members in a General Meeting of the Members of that Class. A resolution of the Class A Members to approve the admission of a new Class A Member:

- (a) must decide whether the Participants’ Association has the right to appoint one Member’s Representative; and
- (b) must be passed by a majority of 75% of the Class A Members present in person or by proxy and voting at the meeting of Class A Members.

4.6 The Board may prescribe the form of application for Membership.

4.7 The formation or coming into existence of a Replacement Entity does not change the right to the number of Member Representatives for Class A Members in that category set out in clause 7.1.

5. RIGHTS OF MEMBERS

5.1 At a meeting of Members:

- (a) the Class A Members have a Class A Voting Right;
- (b) the Class B Members have a Class B Voting Right.

5.2 Subject to clause 5.3, the Members of each class of Members shall determine how the class voting right is to be exercised on any resolution of Members.

5.3 At any general meeting of the Company:

(a) where there is a motion for an increase in the aggregate fees paid to Directors

(i) Class B Members have no voting rights and for that motion there is no Class B Voting Right (see clause 15.15); and

(ii) each Class A Member has the right to vote in accordance with Clause 15.15 and for that motion there is no Class A Voting Right (see Clause 12.2(a)).

(b) where there is a motion for the removal of a Class A Member, each Class A and Class B Member has the right to one vote and for that motion there is no Class A Voting Right or Class B Voting Right (see clause 12.2(a)).

5.4 The election of Directors will be determined in accordance with clauses 15, 16 and 17.

6. CESSATION OF MEMBERSHIP

6.1 A person ceases to be a Member if any of the following circumstances occur:

(a) The Member resigns as a Member by giving the Board notice, effective from the date specified in the notice;

(b) The Member being a Class B Member ceases to be a Director;

(c) The Member being a Class A Member is formally wound up or otherwise formally ceases to carry on its activities;

(d) The Member being a Class A Member and a Licensed Club under the Racing Act, ceases to be a Licensed Club;

(e) The Member being a Class A Member is removed by unanimous vote of Members (excluding that Member) in general meeting.

7. APPOINTMENT OF MEMBER REPRESENTATIVES

7.1 Subject to Clause 7.6, Class A Members have a right to appoint Member Representatives as follows:

(a) the Metropolitan TAB Clubs collectively have the right to appoint two representatives;

(b) the Other TAB Clubs collectively have the right to appoint four representatives;

(c) the Queensland Country Racing Committee has the right to appoint two representatives;

(d) the Australian Trainers' Association (Queensland Branch) has the right to appoint one representative;

(e) the Thoroughbred Breeders' Queensland Association has a right to appoint one representative;

(f) the Queensland Racehorse Owners' Association has a right to appoint one representative;

(g) the Queensland Jockeys' Association Inc has the right to appoint one representative;

(h) the Queensland Bookmakers' Association has the right to appoint one representative; and

7.2 a Participants' Association which is admitted as a new Class A Member by Resolution passed under Clause 4.5, the one representative (if approved in that resolution). In order to validly appoint its Member Representative or Representatives a Class A Member or Members must send a Notice of Appointment to the Company Secretary which sets out the following:

- (a) The name of the Member Representative;
- (b) The name of the Member or Members; and
- (c) The term of the appointment.

7.3 A Notice of Appointment must be sent to the Company Secretary within 48 hours of the date of appointment of the Member Representative.

7.4 Where a Notice of Appointment received by the Company Secretary does not specify the term of the appointment, the appointment will be a standing one.

7.5 A Member or Members may revoke the appointment of a Member Representative by sending a Revocation Notice to the Company Secretary which sets out the following:

- (a) The name of the Member Representative whose appointment is being revoked;
- (b) The name of the Member or Members; and
- (c) The date from which the appointment is to be revoked which cannot be a date earlier than three Business Days after the Notice of Revocation is given to the Company Secretary.

7.6 No change to the number of representatives of each category of Class A Members as stated in clause 7.1 shall be made without the approval by resolution passed at a general meeting of Members of the Class by:

- (a) a majority of 75 percent of Class A Members present in person or by proxy and voting at the meeting of Class A Members; and
- (b) a majority of 75 percent of all Class A Members of the category whose number of representatives will be affected.

At that meeting the Class A Members shall have the right to vote as provided by clause 12.2(a)(ii).

8. REMOVAL OF MEMBER REPRESENTATIVE

8.1 In circumstances where a Member Representative:

- (a) is found guilty of a criminal offence;
- (b) wilfully refuses or neglects to comply with the provisions of this Constitution;

(c) in the opinion of the Board, is guilty of any dishonest, corrupt, fraudulent improper or dishonourable action or practice in connection with racing;

(d) is guilty of any conduct which in the opinion of the Board is unbecoming of a Member Representative or prejudicial to the interests of the Company,

(i) the Board may take the following steps

8.2

(a) Where the Board determines that the circumstances set out in clause 8.1 apply to a Member Representative the Board, before issuing a Removal Notice under clause 8.3, must give to each Member whose Member Representative is guilty of the conduct referred to in clause 8.1 a notice requiring that each Member show cause why a Removal Notice should not be served.

(b) If within 14 days of the date of giving the notice under clause 8.2(a), the Member or Members fails to:

(i) show cause to the satisfaction of the Board why the Member Representative should not be removed as its Member Representative for that category of Members; or

(ii) remove the Member Representative itself under clause 7.5,

the Board may serve a Removal Notice on the Class A Member or Members advising them:

(iii) the name of the Member' Representative whose appointment is being removed;

(iv) the name of the Member or Members which that Member Representative represents; and

(v) the date upon which the Member Representative's appointment is to be removed which date cannot be a date earlier than the date the Removal Notice is given.

8.3 Where a Removal Notice is issued by the Board, the Class A Member or Members who appointed the Member Representative may not appeal the decision.

9. ANNUAL GENERAL MEETING

9.1 Subject to the Corporations Act the Annual General Meeting must be held each year no later than five months after the end of the previous financial year.

10. GENERAL MEETINGS

10.1 A general meeting may be convened by the Board at any time and must be convened within two calendar months of receiving a requisition in writing from at least 75% of the Class A Members.

10.2 At least 28 days written notice of a general meeting must be given to all Members who are entitled to receive such a notice.

10.3 A notice of a general meeting must contain all information required by the Corporations Act, including:

- (a) the place, the day and the hour of the meeting; and
- (b) the general nature of the business to be transacted at the meeting.

11. PROCEEDINGS AT GENERAL MEETINGS

11.1 No business can be transacted at any Annual General Meeting or general meeting unless a quorum of Members is present in person or by proxy, attorney or Authorised Representative at the time when the meeting is due to commence.

11.2

- (a) A quorum of members is the Class A Member Authorised Representative and the Class B Member Authorised Representative except for motions to be considered at meetings of the Company referred to in subparagraphs (b), (c) or (d) of this Clause 11.2;
- (b) at a meeting of the Company at which a motion to remove a Member under clause 6.1(e) is proposed a quorum of Members for the purpose of that motion is all Members other than the one the subject of the removal motion, present in person or by proxy;
- (c) at a meeting of the Company at which a motion to increase the remuneration of Directors is proposed, a quorum of Members for the purpose of that motion will be the majority of Class A Members present in person or by proxy;
- (d) at a meeting of a Class of Members of the Company the quorum for that motion only shall be the majority of the Members of that Class present in person or by proxy;
- (e) if a quorum is not present within half an hour from the time appointed for the meeting, the meeting:
 - (i) if convened upon the requisition of Members, is dissolved; or
 - (ii) in any other case, the meeting is adjourned to the same day in the next week at the same time and place, or to such other day, time and place as the Chairman may determine.

11.3 If a quorum is not present at the adjourned meeting within half an hour from the time appointed for the meeting, the Authorised Representative or Members (as applicable) present constitute a quorum.

11.4 The Chairman may, with the consent of the Members present at any meeting at which a quorum is present (and must if so directed by those Members), adjourn the meeting from time to time and from place to place but no business can be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.5 When a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of an original meeting but it is not otherwise necessary to give notice of an adjournment or the business to be transacted at an adjourned meeting.

11.6 In the case of an equality of votes, the Chairman of the meeting has a second or casting vote except:

- (a) on a resolution to amend the Constitution;
- (b) on the election or removal of Directors; and
- (c) on a resolution to increase the Directors' remuneration.

11.7 Unless a poll is demanded, a declaration by the Chairman is conclusive evidence of the result, provided the declaration reflects a show of hands. Neither the Chairman nor the minutes need to state the number or proportion of votes recorded in favour or against.

11.8 If a poll is duly demanded it must be taken in such manner and time as the Chairman directs, and the result of the poll is the resolution of the meeting at which the poll was demanded. If a poll is demanded on the election of a Chairman or on a question of adjournment, it must be taken immediately.

12. VOTING

12.1 (a) The Class A Voting Right is exercisable only by the Authorised Representative appointed by the Class A Members.

(a) The Class B Voting Right is exercisable only by the Authorised Representative appointed by the Class B Members.

(b) On a resolution, the Authorised Representatives of the Class A Members and the Class B Members have one vote each.

12.2 (a) A Member may only vote at a meeting of the Company:

(i) on the removal of a Member being a Class A Member under clause 6.1(e);

(ii) on a resolution considered by its class of Members; or

(iii) on a motion to increase Directors' fees referred to in clause 15.15.

(b) A Member may vote in person or by proxy. Each Member has one vote whether on a show of hands or on a poll.

13. AUTHORISED REPRESENTATIVE

13.1 Each class of Members may appoint and remove from time to time one Authorised Representative by notice in writing to the Company Secretary.

13.2 (a) The Authorised Representative of the Class A Members shall be selected by ordinary resolution of the Member Representatives.

(a) The Authorised Representative of the Class B Members shall be selected by ordinary resolution of the Class B Members.

14. PROXIES

A proxy must:

(a) be in writing under the hand of the appointer or of the appointer's attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised; and

(b) contain:

- (i) the Member's name; and
- (ii) the meetings at which the proxy may be used.

14.2 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.

14.3 An instrument appointing a proxy is taken to confer authority to demand or join in demanding a poll.

14.4 An instrument appointing a proxy must be in the following form or in a form that is as similar to the following form as the circumstances allow:

Queensland Racing Limited

I, _____, of _____,
 being a member/members of the Company, appoint _____ of _____ or, in their absence,
 _____ of _____
 as my proxy to vote for me on my behalf at the *Annual General Meeting/*general meeting of the
 Company to be held on the _____ day of _____ 200_____ and at any adjournment of that
 meeting.

+This form to be used *in favour of/*against the resolution.

Signed this _____ day of _____ 200_____.

*Strike out whichever is not desired

+To be inserted if desired.

14.5 An instrument appointing a proxy is not valid unless the instrument, and the original or notarially certified copy of the power of attorney or other authority under which the instrument is signed, is deposited, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the meeting. Where the time to lodge falls on a day which is not a business day in the place where the registered office of the Company is located, this clause requires the deposit of the document at the same time on the previous business day.

14.6 For the purpose of clause 13.7, a document is taken to be "deposited at the registered office of the Company" if a legible, true copy of a document is received on a facsimile machine located at the registered office of the Company within the time referred to in clause 13.7.

14.7 A vote given in accordance with the terms of an instrument of proxy or of a power of attorney is valid despite:

- (a) the previous death or unsoundness of mind of the principal; or
- (b) the revocation of the instrument (or of the authority under which the instrument was executed) or of the power,
- (c)

if no intimation in writing of any of those events has been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

15. APPOINTMENT, REMOVAL & REMUNERATION OF DIRECTORS

15.1 The Board will consist of not less than five nor more than seven Directors.

15.2 The first Founding Directors will be:

- (a) Robert Geoffrey Bentley;
- (b) Anthony John Hanmer;
- (c) Michael George Lambert;
- (d) William Patrick Ludwig; and
- (e) William Bernard Andrews.

who will hold office until the Annual General Meeting of the Company following the Initial Term, unless they cease to hold office sooner in accordance with this Constitution or the Corporations Act.

15.3 After the Initial Term an election of Directors must take place every year in accordance with clause 17.

15.4 Two Directors must retire at each of the first and second Annual General Meetings following the Initial Term, and one Director must retire at the third Annual General Meeting following the Initial Term.

15.5 At the fourth Annual General Meeting following the Initial Term and at all subsequent Annual General Meetings, one third of the Directors in office shall retire from office by rotation. If the number of Directors is not a multiple of three, then the number nearest to but not exceeding one third of the Directors must retire by rotation. The Directors to retire by rotation at each Annual General Meeting are those to have been longest in office since their election, but as between Directors who have been in office at an equal length of time, those to retire must in default of an agreement between them, be determined by lot in any manner determined by the Chairman.

15.6 A retiring Director may act until the conclusion of the Annual General Meeting at which he or she retires.

15.7 Each Director retiring from office in accordance with clause 15.5 is eligible to apply to become a Director under clause 17.

15.8 The Company may by ordinary resolution remove any Director before the expiration of his or her period of office. The office of a Director becomes vacant if the Director:

- (a) dies;
- (b) is convicted of a criminal offence;
- (c) becomes bankrupt or makes any arrangement or composition with his or her creditors generally;

- (d) becomes prohibited from being a director of a company by reason of any order made under the Corporations Act;
- (e) ceases to be a Director by operation of any provision of the Corporations Act;
- (f) ceases to be a Member;
- (g) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Corporations Act relating to mental health;
- (h) resigns as a Director by notice in writing to the Company;
- (i) is absent from three consecutive meetings of the Board without having previously obtained leave of the Board; or
- (j) ceases to be an eligible individual under the Racing Act.

15.9 For the avoidance of doubt in circumstances where a casual vacancy arises due to any of the reasons set out in clause 15.8, the Board may appoint a Director to fill the vacancy. That Director shall hold office until the conclusion of the next Annual General Meeting of the Company but is eligible to apply to become a Director under clause 17.

15.10 The Directors are entitled to be remunerated for their services.

15.11 The Directors are also entitled to be paid their reasonable travelling and accommodation and other expenses incurred in consequence of their attendance at Directors' meetings and otherwise in the execution of their duties as Directors.

15.12 The remuneration accrues from day to day and is apportionable accordingly.

15.13 A Director is entitled to be remunerated from the date he or she is appointed to the Board. The amount to which each Director is entitled shall be determined by the Board or any sub-committee of it.

15.14 The Directors may be paid such aggregate remuneration as is from time to time determined by the Company in general meeting, and that remuneration accrues from day to day. The remuneration may be divided among the Directors in such proportion as they from time to time agree, and in default of agreement, equally.

15.15 Notwithstanding clauses 12.2 and 15.14 when there is on the agenda of a General Meeting of the Company a motion to increase the aggregate fees payable to the Directors, the Class A Members are the only Members who may vote on that motion and each Class A Member has one vote whether on a show of hands or on a poll.

16. CHAIRMAN

16.1 The initial Chairman of the Company will be Mr Robert Bentley, who shall hold office until the Annual General Meeting following the Initial Term.

16.2 The Chairman must retire following the Annual General Meeting following the Initial Term but may offer himself or herself for re-election as the Chairman.

16.3 Subject to this Constitution and the Corporations Act, any Director of the Company may offer himself or herself for election as Chairman.

16.4 Following the Initial Term the election of the Chairman will be determined by the Board following each director selection process in accordance with clause 17.

17. SELECTION OF DIRECTORS

17.1 Seven months prior to the conclusion of the Initial Term a director selection process must take place in accordance with the provisions of this clause 17. Thereafter a director selection process must be initiated each calendar year in accordance with the provisions of this clause 17.

17.2 Not less than seven months prior to the Annual General Meeting, the Company must by public notice (an “**Advertising Notice**”), advertise for Directors to fill positions which will be vacated on the Board of the Company at the next Annual General Meeting. The Company will send a copy of the Advertising Notice to each of the Class A Members and the Class B Members.

17.3 Not less than five months prior to the Annual General Meeting a Shortlist of the applications received in response to the Advertising Notice must be prepared by the Independent Recruitment Consultant by reference to the Selection Criteria contained in **Appendix A**. The number of Director Candidates on the Shortlist is to be decided by the Independent Recruitment Consultant. However the Shortlist shall be no less than the number of director positions plus two.

17.4 Not less than four months prior to the Annual General Meeting and subject to the application of the Selection Criteria and probity checks being conducted on all Director Candidates, the Shortlist will be provided to the Class A Members and the Class B Members (other than those who are Director Candidates) for consideration and determination of their preferred Director Candidates.

17.5 Each of the Class A Members and the Class B Members (other than those Class B Members who are Director Candidates) shall determine the order of preference of the Director Candidates in accordance with Part I of **Appendix B**, before the Selection Committee meets under clause 17.6.

17.6 Not less than eight weeks prior to the Annual General Meeting, a Selection Committee must be convened by the Chairman. The Selection Committee will be comprised of:

- (a) Member Representatives from the Class A Members; and
- (b) Class B Members who are not Director Candidates.

17.7 The Chairman shall chair the meeting of the Selection Committee.

17.8 The meeting shall first discuss the short list and try to agree who is to be the preferred candidate or candidates to fill the vacancy.

17.9 If no agreement is reached on the preferred candidate or candidates after such time as the Chairman considers reasonable, the Selection Committee shall follow the ballot procedure in accordance with Part II of **Appendix B** for the selection of Directors.

17.10 Where a meeting of the Selection Committee is convened pursuant to clause 17.6, that meeting must continue until such time as the Directors to be elected have been determined or the Chairman adjourns the meeting.

17.11 The decision of the Selection Committee shall effect the election of those Directors from the close of the next Annual General Meeting. The Chairman shall, at the Annual General Meeting announce the election of those Directors selected.

18. POWERS AND DUTIES OF THE DIRECTORS

18.1 The management of the Company is the responsibility of the Board and the Board may exercise all powers of the Company as are not, by the Corporations Act or by this Constitution, required to be exercised by the Company in general meeting.

18.2 The Board may make By-laws that are not inconsistent with the Constitution and the Corporations Act for the general management and running of the Company.

18.3 The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its property or any part of it, and to issue debentures and other securities whether outright or as security for any debt, liability, or obligation of the Company.

19. PROCEEDINGS OF THE BOARD

19.1 The Board may meet together for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A Director may at any time, and the Secretary must, on the requisition of a Director, summon a meeting of the Board.

19.2 Where a meeting of Directors is held and:

- (i) a chairman has not been elected; or
- (ii) the Chairman is not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors present must elect one of their number to be the chairman of the meeting.

19.3 Subject to this Constitution, questions arising at any meeting of the Board will be decided by a majority of votes, and a determination by a majority of the members of the Board is a determination of the Board.

19.4 In case of an equality of votes, the Chairman of the meeting has a second or casting vote.

19.5 The quorum necessary for the transaction of the business of the Board is three.

19.6 The continuing members of the Board may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below the number fixed by or pursuant to this Constitution as the quorum of the Board, the continuing Directors may act for the purpose of filling a casual vacancy to that number or of summoning a general meeting of the Company, but for no other purpose.

19.7 A resolution in writing signed by all Directors in Australia for the time being entitled to receive notice of a meeting of the Board is as valid and effectual as if it had been passed at a meeting of the Board duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Directors.

19.8 The Board may delegate any of its powers and/or functions to one or more sub-committees consisting of such of the Directors as the Board thinks fit and the Board may also appoint the chairman of any such sub-committee.

19.9 Each sub-committee must keep proper minutes of its meetings and the provisions regulating proceedings of the Board apply to the proceedings of subcommittees also.

19.10 A sub-committee may meet and adjourn as the members of it think proper.

19.11 Sub-Committees are appointed by the Board only and may only make recommendations to the Board. No decision of a sub-committee is binding on the Company unless it is ratified by the Board.

19.12 Every act done by any meeting of the Board or of a sub-committee or by any person acting as a Director is, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or in the formation or constitution of a sub-committee or any of them were disqualified, as valid as if every such person had been duly appointed and was qualified to be a Director or the formation or constitution of the sub-committee as the case may be.

20. MEETINGS USING TECHNOLOGY

20.1 A Directors meeting or meeting of any sub-committee may be called or held using any technology allowed under the Corporations Act and consented to by all the Directors.

20.2 The consent referred to in clause 20.1 may be a standing one. A Director may only withdraw their consent within a reasonable period before the meeting.

21. NO ALTERNATE DIRECTORS

21.1 No director may appoint any other person to be an alternate director of the Company.

22. DIRECTORS CONTRACTING WITH THE COMPANY

22.1 No Director is disqualified by his or her office from contracting with the Company (whether as vendor or purchaser or otherwise), nor can any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be avoided, nor can any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of the director holding that office or of the fiduciary relationship, but the nature of the Director's interest must be disclosed by the director at a meeting of the Directors and the Secretary must record each declaration in the minutes of the meeting.

22.2 The declaration must be made at a meeting of the Directors at which the contract or arrangement is determined if the Director's interest then exists, or in any other case at the first meeting of the directors after the acquisition of the Director's interest.

22.3 A general notice that a Director is a member of a specified company or firm and is to be regarded as interested in any subsequent transaction with the company or firm is sufficient disclosure under this clause if:

- (a) the notice states the nature and extent of the interest of the Director in the company or firm; and
- (b) when the question of confirming or entering into the transaction is first taken into consideration the extent of the Director's interest in the company or firm is not greater than is stated in the notice; and

(c) the notice is given at the meeting of Directors or the Director takes reasonable steps to ensure that it is brought up and read at the next meeting of the Directors after it is given.

22.4 The giving of a declaration or a general notice under this clause does not entitle a Director to be present or to vote at a meeting in relation to a particular contract unless a resolution of the Board under clause 22.5 has first been passed.

22.5 A Director who has a material interest in a matter that is being considered at a Directors Meeting must not be present at the meeting while the matter is being considered and must not vote on the matter unless clauses 22.2 and 22.3 have been satisfied and the Directors who do not have a material interest in the matter have passed a resolution in accordance with section 195 of the Corporations Act.

22.6 Subject to a Director having complied with this clause, the Director may affix and witness the affixing of the Common Seal of the Company to any contract in which he or she is interested.

23. COMPANY SECRETARY

23.1 The Secretary of the Company holds office on the terms decided by the Directors and in accordance with the Corporations Act.

23.2 The Secretary must cause minutes to be made and entered of:

- (a) the names of Directors and other persons present at all meetings of the Company and of the Board; and
- (b) all proceedings at all meetings of the Company and of the Board or of any committee or subcommittee constituted by the Board.

23.3 The minutes must be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

23.4 The Secretary of the Company will attend all meeting of Member Representatives and should keep minutes of those meetings and decisions of those meetings.

23.5 The Secretary of the Company must retain the voting papers of the Authorised Representatives of the Class A Members for a period of six months after the date of the General Meeting of which the vote was cast and at the request of any Class A Member shall make available for inspection and provide a copy of the voting paper to that Class A Member.

24. ACCOUNTS

24.1 The Auditor of the Company is appointed by the Company in general meeting and holds office in accordance with the Corporations Act.

24.2 The Board must cause:

- (a) proper accounting and other records to be kept;
- (b) copies of yearly financial statements (including every document required by law to be attached to them) accompanied by a copy of any auditor's report to be distributed to Members as required by the Corporations Act; and

(c) a statement of financial position, a statement of financial performance and a statement of cash flow for the preceding financial year of the Company to be prepared to a date not more than twelve months before the date of the meeting and sent to every Member with the notice for each Annual General Meeting.

25. NOTICES

25.1 A Company may give the Notice of Meeting to a Member either by:

- (a) serving it on the Member personally;
- (b) by sending it by post to the Member at the address shown in the register of members or the address supplied by the member for the giving of notices;
- (c) forwarding it by facsimile transmission at the facsimile number shown in the registers of Members (if any) or the facsimile number supplied by the member for the giving of notices;
- (d) forwarding it by electronic mail to the electronic mail address shown in the register of Members (if any) or the electronic mail address supplied by the members for the giving of notices; or
- (e) in any other way allowed by the Corporations Act.

25.2 A Notice of Meeting sent by post is taken to be given seven days after it is posted.

25.3 A Notice of Meeting sent by facsimile will be deemed to be effected on the date the Company receives a facsimile transmission report confirming receipt of the notice at the facsimile number for the member referred to in clause 25.1.

25.4 Where a notice is forwarded by electronic mail, service will be deemed to be effected on the day of the transmission, so long as the sender of the notice does not receive a delivery failure message in respect of the electronic mail.

25.5 Notice of every Meeting shall be given in any manner authorised by this Constitution to:

- (a) every Member except those Members who have not supplied to the Company an address for the giving of Notices to them; and
- (b) the auditor or auditors for the time being of the Company.

25.6 No other person is entitled to receive Notices of Meetings.

26. WINDING-UP

26.1 Upon the winding up or dissolution of the Company if any property remains after satisfaction of all its debts and liabilities, that property shall not be paid to or distributed among the Members of the Company but shall be given or transferred to a Control Body for thoroughbred racing in Queensland approved by the Minister at or before the time of dissolution, but if no such approval is given then to an institution having similar objects of the Company as determined by a Judge of the Supreme Court of Queensland.

26.2 In the event that the Company ceases to be a Control Body under the Racing Act, the Board will forthwith call a general meeting of Members to resolve to wind up the Company and will deal with the assets of the Company in accordance with clause 26.1.

26.3 Every Member of the Company undertakes to contribute to the assets of the Company to a maximum of \$10 in the event of the Company being wound up while he or she is a Member or within one year after he or she ceases to be a Member, for payment of the debts and liabilities of the Company contracted before he or she ceases to be a Member, and of the costs, charges and expenses of winding up and for the adjustments of the rights of the contributories among themselves.

27. INDEMNITY

27.1 Every Director, Secretary and other officer of the Company is indemnified out of the assets of the Company against any liability incurred by the person as officer except where the Company is prohibited from indemnifying the person under the provisions of the Corporations Act. The indemnity may extend to a liability for costs and expenses incurred by a person in defending proceedings, whether civil or criminal, irrespective of their outcome.

27.2 The Company may pay premiums in respect of contracts insuring persons who are or have been officers or auditors of the Company against liabilities incurred by them as officers or auditors and liability for costs and expenses incurred in defending proceedings (whether criminal or civil) whatever their outcome except in circumstances where the Company is prohibited from doing so under the Corporations Act.

27.3 A Director, manager, secretary or other officer of the Company is not liable for:

- (a) the act, neglect or default of any other Director or officer;
- (b) any loss or expenses incurred by the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company;
- (c) the insufficiency or deficiency of any security in or upon which any of the moneys of the Company are invested;
- (d) any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects are deposited or left; or
- (e) for any other loss or damage which happens in the execution of the duties of his office,

unless the same happens through his or her own negligence, wilful default, breach of duty or breach of trust.

We the first members of the Company, adopt this Constitution.

Signature of first members

.....
Robert Geoffrey Bentley

.....
Anthony John Hanmer

.....
Michael George Lambert

.....
William Patrick Ludwig

.....
William Bernard Andrews

DATED

APPENDIX A

Directors Selection Criteria

It is a **mandatory** requirement for any two or more of the following to apply:

1. Five or more years experience as a director or senior manager of a Large Proprietary Company*, a Public Company or a public sector entity;
2. Five or more years experience in a senior administrative role;
3. Five or more years experience at a senior level in the fields of finance, law, marketing or commerce; or
4. Five or more years experience as a non executive director in a Large Proprietary Company* or a Public Company.
5. Knowledge of the Thoroughbred Racing Code.

**A proprietary Company is a large proprietary company if it satisfies at least 2 of the following paragraphs:*

- (i) The consolidated gross operating revenue for the financial year of the company and the entities it controls (if any) is \$10 million or more;*
- (ii) The value of the consolidated gross assets at the end of the financial year of the company and the entities it controls (if any) is \$5 million or more;*
- (iii) The company and the entities it controls (if any) have 50 or more employees at the end of each financial year.*

Candidates must also be capable of demonstrating that they are an eligible individual within the meaning of the Racing Act.

APPENDIX B

Ballot Procedure

Part I

Ballot procedure for voting by Class A Member Representatives and Class B Members (within their member groups) for preferred Director Candidates

- 1 The order of preference of the Director Candidates is to be agreed by the Member Representatives on behalf of the Class A Members and by those Directors who are not Director Candidates on behalf of the Class B Members. If the Members of a class cannot reach agreement then the ballot method set out in paragraph 2 will be followed.
- 2 Ballot method:
 - (a) The voting must be conducted by secret ballot. The Company will supply the ballot papers.
 - (b) Each Member Representative or Director (other than those Directors who are Director Candidates), as applicable, will indicate their preference by marking the squares opposite the names of the Director Candidates with the numbers 1, 2, 3 etc up to the number of Director Candidates appearing on the ballot paper. The highest number is to be allocated to the most preferred Director Candidate. For example, if there were three Director Candidates, they would mark the square opposite the most preferred candidate with the number 3.
 - (c) The Company Secretary will act as scrutineer to count the ballot papers and declare the order of preference of the Director Candidates.
 - (d) The ballot papers are counted by adding together the numbers allocated to each Director Candidate by each Member Representative or Director (other than those Directors who are Director Candidates), as applicable, to reach a total amount.
 - (e) After all the ballot papers are counted the Company Secretary will sort the Director Candidates into order of preference according to the total amount allocated to each Director Candidate from highest to lowest. For example, the Director Candidate with the highest total amount allocated will be the most preferred candidate, and the Director Candidate with the second highest total amount will be ranked second, and so on until each Director Candidate has a ranking.
 - (f) If two or more Director Candidates receive the same total amount, then the company secretary will determine the rank for those Director Candidates by drawing lots. For example, if two Director Candidates have the ranking of "4", after the lot is drawn one Director Candidate would have the ranking of "4" and the other the ranking of "5". The Director Candidates will be allocated the rank from highest to lowest in the order their lot is drawn.

- (g) A ballot paper will be informal if marked other than in accordance with the above method and will not be counted.

Part II

Ballot procedure for voting by Class A Members and Class B Members for Directors

- 1 The Authorised Representative will vote on behalf of the applicable class of Members.
- 2 Ballot method:
 - (a) The voting must be conducted by secret ballot. The Company will supply the ballot papers.
 - (b) Each Authorised Representative will vote on their ballot paper in the order of preference as decided by the class of Members they represent.
 - (c) The Authorised Representative will indicate their preference by marking the squares opposite the names of the Director Candidates with the numbers 1, 2, 3 etc up to the number of Director Candidates appearing on the ballot paper. The highest number is to be allocated to the most preferred Director Candidate. For example, if there were three Director Candidates, they would mark the square opposite the most preferred candidate with the number 3.
 - (d) The company secretary will act as scrutineer to count the ballot papers and declare the result of the vote.
 - (e) The ballot papers are counted by adding together the numbers allocated to each Director Candidate by the Authorised Representatives to reach a total amount.
 - (f) If only one director is required to be elected the Director Candidate with the highest total amount allocated will be elected as Director.
 - (g) If more than one director is required to be elected then the company secretary will sort the Director Candidates into order of preference according to the total amount allocated to each Director Candidates from highest to lowest. For example, the Director Candidate with the highest total amount will be ranked first, and the Director Candidate with the second highest total amount will be ranked second and so on until each Director Candidate has a ranking.
 - (h) Subject to paragraph (i) if two or more Director Candidates receive the same total amount within the rankings relevant to the vacancies to be filled, then the Authorised Representatives of the Class A Members and the Class B Members must be given the opportunity to agree on a preferred Director Candidate to be elected as Director. If after a reasonable period of time, at the discretion of the Chairman the Authorised Representatives cannot reach agreement then the Company Secretary by drawing lots (in the presence of the Authorised Representatives) will determine the Director or Directors to be elected. The Director Candidates will be elected in the order their lot is drawn until the vacancies are filled.

- (i) If there are two or more Director Candidates with the same total amount and sufficient vacancies to accommodate them then it is not necessary to follow the process set out in paragraph (h).
- (j) A ballot paper will be informal if marked other than in accordance with the above method and will not be counted.

CONSTITUTION OF QUEENSLAND RACING LIMITED

ACN 116735374

CJC10059955 2098668v3 (16.06.08)

INDEX

CONSTITUTION OF QUEENSLAND RACING LIMITED

1.	INTERPRETATION	1
2.	LIMITED COMPANY	4
3.	OBJECTS.....	4
4.	MEMBERSHIP	5
5.	RIGHTS OF MEMBERS	5
6.	CESSATION OF MEMBERSHIP	6
7.	APPOINTMENT OF MEMBER REPRESENTATIVES	6
8.	REMOVAL OF MEMBER REPRESENTATIVE	7
9.	ANNUAL GENERAL MEETING.....	8
10.	GENERAL MEETINGS.....	8
11.	PROCEEDINGS AT GENERAL MEETINGS.....	9
12.	VOTING.....	10
13.	AUTHORISED REPRESENTATIVE	10
14.	PROXIES	10
15.	APPOINTMENT, REMOVAL & REMUNERATION OF DIRECTORS..	12
16.	CHAIRMAN.....	14
17.	SELECTION OF DIRECTORS.	14
18.	POWERS AND DUTIES OF THE DIRECTORS	16
19.	PROCEEDINGS OF THE BOARD	16
20.	MEETINGS USING TECHNOLOGY.....	17
21.	NO ALTERNATE DIRECTORS	18
22.	DIRECTORS CONTRACTING WITH THE COMPANY	18
23.	COMPANY SECRETARY	18
24.	ACCOUNTS	19
25.	NOTICES.....	19
26.	WINDING-UP	20
27.	INDEMNITY	20
	APPENDIX A	22
	APPENDIX B	23

Corporations Act 2001

A Company Limited by Guarantee and not having a Share Capital

**CONSTITUTION OF
QUEENSLAND RACING LIMITED**

1. INTERPRETATION

1.1 In this Constitution:

“Advertising Notice” means the advertising notice to be placed in all metropolitan and Queensland state-wide newspapers by the Company in accordance with clause 17.

“Annual General Meeting” means the general meeting held each year as required by the Corporations Act and this Constitution.

“Approval” means an approval issued to the Control Body pursuant to section 26 of the Racing Act.

“Auditor” means the Auditor of the company appointed in accordance with clause 24.

“Authorised Representative” means the representative of a class of Members appointed in accordance with clause 13 from time to time.

“Business Day” means a day which is not a Saturday, Sunday or a public holiday in Brisbane.

“category” when referring to Class A Members means a Metropolitan TAB Club, an Other TAB Club, a Participant’s Association including those referred to in (d), (e), (f), (g) and (h) of the definition of Class A Members or a Committee such as that referred to in (c) of the definition of Class A Members.

“Chairman” means the chairman of the Board of Directors of the Company from time to time.

“Class A Members” means each of the following:

- (a) each of the Metropolitan TAB Clubs;
- (b) each of the Other TAB Clubs;
- (c) the Queensland Country Racing Committee;
- (d) the Australian Trainers’ Association (Queensland Branch);
- (e) the Thoroughbred Breeders’ Association of Queensland ABN 94 847 358 009;
- (f) the Thoroughbred Racehorse Owners’ Association of Queensland ABN 12 408 715 441;

- (g) the Queensland Jockeys' Association Inc ABN 57 192 901 365;
- (h) Queensland Bookmakers' Association ABN 31 010 051 902; and
- (i) such other persons that are from time to time admitted to Class A Membership in accordance with clause 4.

"Class B Members" means the class of members consisting of all persons who are Directors of the Company from time to time.

"Class A Voting Right" means, subject to this Constitution, the right of all Class A Members to exercise one collective vote on Members' resolutions in accordance with the processes set out in this Constitution.

"Class B Voting Right" means the right of all Class B Members to exercise one collective vote on Members' resolutions in accordance with the processes set out in the Constitution.

"Combined Shortlist" means the shortlist of Director Candidates who are selected by each class, formulated in accordance with the procedure referred to in clause 17.

"Company" means Queensland Racing Limited.

"Company Secretary" means the secretary of the Company.

"Corporations Act" means the *Corporations Act 2001*.

"Control Body" means a Control Body under the Racing Act, or a similar body under any Act passed in substitution of the Racing Act.

"Directors" or **"Board of Directors"** or **"Board"** means the directors of the Company.

"Director Candidates" means persons named on the Combined Shortlist and to be considered by the Selection Committee in accordance with the provisions of clause 17.

"Financial Year" means the period from the date of establishment of the Company to the following 30 June, and after that, the period 1 July in a calendar year through to 30 June in the next calendar year or such other period of 12 consecutive months determined by the Board.

"Founding Directors" means the Directors referred to in clause 15.

"Initial Control Body Term" means the term of six years from 1 July 2006 and expiring on 30 June 2012.

"Licensed Club" has the meaning given in the Racing Act.

"Member" means the Class A Members and the Class B Members.

"Member Representatives" means a representative of a category of Class A members appointed in accordance with clause 7.

"Metropolitan TAB Clubs" means for the time being:

- (a) The Brisbane Turf Club Limited;

(b) The Queensland Turf Club Limited; and

(c) such other TAB Licensed Club as may from time to time come into existence and which is nominated as a "Metropolitan TAB Club" by the Board when admitted to membership in accordance with clause 4.

"Minister" means the Queensland Government Minister with responsibility for the Racing Act.

"Notice of Meeting" means a notice provided in accordance with clause 25.

"Notice of Appointment" means a notice provided in accordance with clause 7.

"Office" means the registered office for the time being of the Company.

"Other TAB Clubs" means for the time being:

(a) The Townsville Turf Club ABN 75 509 244 921;

(b) The Mackay Turf Club ABN 26 427 654 033;

(c) The Rockhampton Turf Club ABN 51 815 034 474;

(d) The Sunshine Coast Turf Club ABN 22 950 178 141;

(e) The Ipswich Turf Club ABN 39 940 361 195;

(f) The Toowoomba Turf Club ABN 61 398 954 669;

(g) The Gold Coast Turf Club Limited ABN 22 426 910 791;

(h) Tattersall's Racing Club Inc ABN 44 468 727 842;

(i) Clubs licensed by Queensland Racing to conduct ten or more TAB Race Meetings, or, more than three but less than ten Metropolitan Race Meetings; and

(j) such other TAB Licensed Club as may from time to time come into existence and which is nominated as an "Other TAB Club" by the Board when admitted to membership in accordance with clause 4.

"Participants' Association" means an association formed to represent and promote the interests of a group of persons having a common interest in the thoroughbred racing industry.

"Queensland Country Racing Committee" means the committee established pursuant to section 66 of the Racing Act.

"Racing Act" means the *Racing Act 2002* (Queensland).

"Removal Notice" means a notice provided in accordance with clause 8.2(b).

"Replacement Entity" means an entity described in clause 4.2.

"Revocation Notice" means a notice provided in accordance with clause 7.5.

"Selection Committee" means the Committee formed and convened in accordance with clause 17.

“Selection Criteria” means the criteria for the selection of directors set out in **Appendix A**.

“Subsequent Control Body Term” means the term of any approval by the Minister under Division 6 of Part 2 of the Racing Act of the Control Body for the thoroughbred code of racing in Queensland subsequent to the “Initial Control Body Term”.

“TAB Licensed Club” means a Licensed Club on which the TABQ offers wagering on the majority of races of thoroughbred horses conducted by the club in the current racing year, being the period from 1 August in a year to 31 July of the following year.

“TABQ” has the meaning given in the Racing Act.

1.2 **“State”** means the State of Queensland.

1.3 Unless the contrary intention appears in this Constitution, an expression used in a particular Part or Division of the Corporations Act that is given a special meaning for the purposes of that Part or Division has, in this Constitution where it deals with a matter dealt with by that Part or Division, the same meaning as in that Part or Division.

1.4 Words importing the singular include the plural (and vice versa) and words denoting a gender include all other genders.

1.5 Clause headings are inserted for convenience only and are not to be used in interpreting this Constitution.

1.6 Reference to legislation or to a provision of legislation includes any modification or re-enactment or any legislative provision substituted for it, and all regulations and subordinate legislation and statutory instruments issued under such legislation.

1.7 A reference to a clause number, unless the context otherwise requires, is a reference to a clause in this Constitution.

2. LIMITED COMPANY

2.1 The liability of the Members is limited to the payment of the amount prescribed by clause 26.3.

2.2 The name of the Company is “Queensland Racing Limited”.

2.3 The registered office of the Company will be as the Board of Directors determines from time to time, but must always be in the State of Queensland.

3. OBJECTS

3.1 The objects for which the Company is established are, in addition to those powers conferred by section 124 of the Corporations Act, to exercise the powers and perform the functions of a Control Body.

3.2 The income and property of the Company must be applied solely towards the promotion of the objects of the Company as set forth in this Constitution and no portion of it can be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit to the Members.

4. MEMBERSHIP

4.1 Members are those persons who are:

- (a) Class A Members; or
- (b) Class B Members.

4.2 A Class A Member may from time to time be:

- (a) re-organised;
- (b) amalgamated with another entity; or
- (c) wound up,

and another entity with substantially similar purposes and objectives may carry on the activities of that Member (the “**Replacement Entity**”).

4.3 The Replacement Entity is entitled to be admitted as a Class A Member, subject to Board approval. If the Replacement Entity can demonstrate to the Board that it has substantially similar purposes and objectives of the former Class A Member and its activities will include substantially all of the activities of the former Class A Member, then the Board shall approve the Replacement Entity as a Class A Member.

4.4 In the event that an entity becomes a TAB Licensed Club it will automatically be admitted as a Class A Member. The Board will nominate whether the new Class A Member is a “Metropolitan TAB Club” or an “Other TAB Club”.

4.5 A Participants’ Association may be admitted as a Class A Member if approved by the Board and by the Class A Members in a General Meeting of the Members of that Class. A resolution of the Class A Members to approve the admission of a new Class A Member:

- (a) must decide whether the Participants’ Association has the right to appoint one Member’s Representative; and
- (b) must be passed by a majority of 75% of the Class A Members present in person or by proxy and voting at the meeting of Class A Members.

4.6 The Board may prescribe the form of application for Membership.

4.7 The formation or coming into existence of a Replacement Entity does not change the right to the number of Member Representatives for Class A Members in that category set out in clause 7.1.

5. RIGHTS OF MEMBERS

5.1 At a meeting of Members:

- (a) the Class A Members have a Class A Voting Right;
- (b) the Class B Members have a Class B Voting Right.

5.2 Subject to clause 5.3, the Members of each class of Members shall determine how the class voting right is to be exercised on any resolution of Members.

5.3 At any general meeting of the Company:

(a) where there is a motion for an increase in the aggregate fees paid to Directors

(i) Class B Members have no voting rights and for that motion there is no Class B Voting Right (see clause 15.17); and

(ii) each Class A Member has the right to vote in accordance with Clause 15.17 and for that motion there is no Class A Voting Right (see Clause 12.2(a)).

(b) where there is a motion for the removal of a Class A Member, each Class A and Class B Member has the right to one vote and for that motion there is no Class A Voting Right or Class B Voting Right (see clause 12.2(a)).

5.4 The election of Directors will be determined in accordance with clauses 15, 16 and 17.

6. CESSATION OF MEMBERSHIP

6.1 A person ceases to be a Member if any of the following circumstances occur:

(a) The Member resigns as a Member by giving the Board notice, effective from the date specified in the notice;

(b) The Member being a Class B Member ceases to be a Director;

(c) The Member being a Class A Member is formally wound up or otherwise formally ceases to carry on its activities;

(d) The Member being a Class A Member and a Licensed Club under the Racing Act, ceases to be a Licensed Club;

(e) The Member being a Class A Member is removed by unanimous vote of Members (excluding that Member) in general meeting.

7. APPOINTMENT OF MEMBER REPRESENTATIVES

7.1 Subject to Clause 7.6, Class A Members have a right to appoint Member Representatives as follows:

(a) the Metropolitan TAB Clubs collectively have the right to appoint two representatives;

(b) the Other TAB Clubs collectively have the right to appoint four representatives;

(c) the Queensland Country Racing Committee has the right to appoint two representatives;

(d) the Australian Trainers' Association (Queensland Branch) has the right to appoint one representative;

(e) the Thoroughbred Breeders' Queensland Association has a right to appoint one representative;

(f) the Queensland Racehorse Owners' Association has a right to appoint one representative;

(g) the Queensland Jockeys' Association Inc has the right to appoint one representative;

(h) the Queensland Bookmakers' Association has the right to appoint one representative; and

7.2 a Participants' Association which is admitted as a new Class A Member by Resolution passed under Clause 4.5, the one representative (if approved in that resolution). In order to validly appoint its Member Representative or Representatives a Class A Member or Members must send a Notice of Appointment to the Company Secretary which sets out the following:

- (a) The name of the Member Representative;
- (b) The name of the Member or Members; and
- (c) The term of the appointment.

7.3 A Notice of Appointment must be sent to the Company Secretary within 48 hours of the date of appointment of the Member Representative.

7.4 Where a Notice of Appointment received by the Company Secretary does not specify the term of the appointment, the appointment will be a standing one.

7.5 A Member or Members may revoke the appointment of a Member Representative by sending a Revocation Notice to the Company Secretary which sets out the following:

- (a) The name of the Member Representative whose appointment is being revoked;
- (b) The name of the Member or Members; and
- (c) The date from which the appointment is to be revoked which cannot be a date earlier than three Business Days after the Notice of Revocation is given to the Company Secretary.

7.6 No change to the number of representatives of each category of Class A Members as stated in clause 7.1 shall be made without the approval by resolution passed at a general meeting of Members of the Class by:

- (a) a majority of 75 percent of Class A Members present in person or by proxy and voting at the meeting of Class A Members; and
- (b) a majority of 75 percent of all Class A Members of the category whose number of representatives will be affected.

At that meeting the Class A Members shall have the right to vote as provided by clause 12.2(a)(ii).

8. REMOVAL OF MEMBER REPRESENTATIVE

8.1 In circumstances where a Member Representative:

- (a) is found guilty of a criminal offence;
- (b) wilfully refuses or neglects to comply with the provisions of this Constitution;

- (c) in the opinion of the Board, is guilty of any dishonest, corrupt, fraudulent improper or dishonourable action or practice in connection with racing;
- (d) is guilty of any conduct which in the opinion of the Board is unbecoming of a Member Representative or prejudicial to the interests of the Company,
 - (i) the Board may take the following steps

8.2

- (a) Where the Board determines that the circumstances set out in clause 8.1 apply to a Member Representative the Board, before issuing a Removal Notice under clause 8.3, must give to each Member whose Member Representative is guilty of the conduct referred to in clause 8.1 a notice requiring that each Member show cause why a Removal Notice should not be served.
- (b) If within 14 days of the date of giving the notice under clause 8.2(a), the Member or Members fails to:
 - (i) show cause to the satisfaction of the Board why the Member Representative should not be removed as its Member Representative for that category of Members; or
 - (ii) remove the Member Representative itself under clause 7.5,

the Board may serve a Removal Notice on the Class A Member or Members advising them:

- (iii) the name of the Member' Representative whose appointment is being removed;
- (iv) the name of the Member or Members which that Member Representative represents; and
- (v) the date upon which the Member Representative's appointment is to be removed which date cannot be a date earlier than the date the Removal Notice is given.

8.3 Where a Removal Notice is issued by the Board, the Class A Member or Members who appointed the Member Representative may not appeal the decision.

9. ANNUAL GENERAL MEETING

9.1 Subject to the Corporations Act the Annual General Meeting must be held each year no later than five months after the end of the previous financial year.

10. GENERAL MEETINGS

10.1 A general meeting may be convened by the Board at any time and must be convened within two calendar months of receiving a requisition in writing from at least 75% of the Class A Members.

10.2 At least 28 days written notice of a general meeting must be given to all Members who are entitled to receive such a notice.

10.3 A notice of a general meeting must contain all information required by the Corporations Act, including:

- (a) the place, the day and the hour of the meeting; and
- (b) the general nature of the business to be transacted at the meeting.

11. PROCEEDINGS AT GENERAL MEETINGS

11.1 No business can be transacted at any Annual General Meeting or general meeting unless a quorum of Members is present in person or by proxy, attorney or Authorised Representative at the time when the meeting is due to commence.

11.2

- (a) A quorum of members is the Class A Member Authorised Representative and the Class B Member Authorised Representative except for motions to be considered at meetings of the Company referred to in subparagraphs (b), (c) or (d) of this Clause 11.2;
- (b) at a meeting of the Company at which a motion to remove a Member under clause 6.1(e) is proposed a quorum of Members for the purpose of that motion is all Members other than the one the subject of the removal motion, present in person or by proxy;
- (c) at a meeting of the Company at which a motion to increase the remuneration of Directors is proposed, a quorum of Members for the purpose of that motion will be the majority of Class A Members present in person or by proxy;
- (d) at a meeting of a Class of Members of the Company the quorum for that motion only shall be the majority of the Members of that Class present in person or by proxy;
- (e) if a quorum is not present within half an hour from the time appointed for the meeting, the meeting:
 - (i) if convened upon the requisition of Members, is dissolved; or
 - (ii) in any other case, the meeting is adjourned to the same day in the next week at the same time and place, or to such other day, time and place as the Chairman may determine.

11.3 If a quorum is not present at the adjourned meeting within half an hour from the time appointed for the meeting, the Authorised Representative or Members (as applicable) present constitute a quorum.

11.4 The Chairman may, with the consent of the Members present at any meeting at which a quorum is present (and must if so directed by those Members), adjourn the meeting from time to time and from place to place but no business can be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.5 When a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of an original meeting but it is not otherwise necessary to give notice of an adjournment or the business to be transacted at an adjourned meeting.

11.6 In the case of an equality of votes, the Chairman of the meeting has a second or casting vote except:

- (a) on a resolution to amend the Constitution;
- (b) on the election or removal of Directors; and
- (c) on a resolution to increase the Directors' remuneration.

11.7 Unless a poll is demanded, a declaration by the Chairman is conclusive evidence of the result, provided the declaration reflects a show of hands. Neither the Chairman nor the minutes need to state the number or proportion of votes recorded in favour or against.

11.8 If a poll is duly demanded it must be taken in such manner and time as the Chairman directs, and the result of the poll is the resolution of the meeting at which the poll was demanded. If a poll is demanded on the election of a Chairman or on a question of adjournment, it must be taken immediately.

12. VOTING

- 12.1 (a) The Class A Voting Right is exercisable only by the Authorised Representative appointed by the Class A Members.
- (b) The Class B Voting Right is exercisable only by the Authorised Representative appointed by the Class B Members.
- (c) On a resolution, the Authorised Representatives of the Class A Members and the Class B Members have one vote each.
- 12.2 (a) A Member may only vote at a meeting of the Company:
- (i) on the removal of a Member being a Class A Member under clause 6.1(e);
 - (ii) on a resolution considered by its class of Members; or
 - (iii) on a motion to increase Directors' fees referred to in clause 15.17.
- (b) A Member may vote in person or by proxy. Each Member has one vote whether on a show of hands or on a poll.

13. AUTHORISED REPRESENTATIVE

13.1 Each class of Members may appoint and remove from time to time one Authorised Representative by notice in writing to the Company Secretary.

- 13.2 (a) The Authorised Representative of the Class A Members shall be selected by ordinary resolution of the Member Representatives.
- (b) The Authorised Representative of the Class B Members shall be selected by ordinary resolution of the Class B Members.

14. PROXIES

A proxy must:

- (a) be in writing under the hand of the appointer or of the appointer's attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised; and
- (b) contain:

- (i) the Member's name; and
- (ii) the meetings at which the proxy may be used.

14.2 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.

14.3 An instrument appointing a proxy is taken to confer authority to demand or join in demanding a poll.

14.4 An instrument appointing a proxy must be in the following form or in a form that is as similar to the following form as the circumstances allow:

Queensland Racing Limited

I, _____, of _____,
 being a member/members of the Company, appoint _____ of _____ or, in their absence,
 of _____
 as my proxy to vote for me on my behalf at the *Annual General Meeting/*general meeting of the
 Company to be held on the _____ day of _____ 200_____ and at any adjournment of that
 meeting.

+This form to be used *in favour of/*against the resolution.

Signed this _____ day of _____ 200_____.

*Strike out whichever is not desired

+To be inserted if desired.

14.5 An instrument appointing a proxy is not valid unless the instrument, and the original or notarially certified copy of the power of attorney or other authority under which the instrument is signed, is deposited, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the meeting. Where the time to lodge falls on a day which is not a business day in the place where the registered office of the Company is located, this clause requires the deposit of the document at the same time on the previous business day.

14.6 For the purpose of clause 13.7, a document is taken to be "deposited at the registered office of the Company" if a legible, true copy of a document is received on a facsimile machine located at the registered office of the Company within the time referred to in clause 13.7.

14.7 A vote given in accordance with the terms of an instrument of proxy or of a power of attorney is valid despite:

- (a) the previous death or unsoundness of mind of the principal; or
- (b) the revocation of the instrument (or of the authority under which the instrument was executed) or of the power,

- (c) if no intimation in writing of any of those events has been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised

15. APPOINTMENT, REMOVAL & REMUNERATION OF DIRECTORS

15.1 The Board will consist of not less than five nor more than seven Directors. The Board may at any time determine by resolution to increase the number of Directors to a number not exceeding seven by the appointment of an extra Director or Directors.

15.2 The first Founding Directors are:

- (a) Robert Geoffrey Bentley;
- (b) Anthony John Hanmer;
- (c) Michael George Lambert;
- (d) William Patrick Ludwig; and
- (e) William Bernard Andrews.

who will hold office until the Annual General Meeting of the Company following the Initial Control Body Term, unless they cease to hold office sooner in accordance with this Constitution or the Corporations Act.

15.3 At the Annual General Meeting following the conclusion of the Initial Control Body Term and each Subsequent Control Body Term (as the case may be) three (or such greater number as equals 50% (rounded up if not a whole number) of the sitting Directors must retire and an election of that same number of Directors must take place in accordance with clause 17. For the purpose of calculating the number of sitting Directors to retire under this clause at any time:-

- (a) a Director who was appointed under clause 15.9 since the holding of the last Annual General Meeting will not be counted as a sitting Director; and
- (b) a Director appointed under clause 15.10 since the holding of the last Annual General Meeting to fill a vacancy caused by an event referred in clause 15.8 will be counted as a sitting Director.

15.4 All sitting Directors other than those who were elected to office following the retirement of directors under clause 15.3, following the conclusion of the Initial Control Body Term and each Subsequent Control Body Term) must retire at the third Annual General Meeting following the Initial Control Body Term and each Subsequent Control Body Term and an election of that same number of directors must take place in accordance with clause 17. No Directors will otherwise retire by rotation during any Subsequent Control Body Term.

15.5 The Directors to retire by rotation in accordance with clauses 15.3 and 15.4 are those to have been longest in office since the most recent election, but as between Directors who have been in office an equal length of time, those to retire must in default of an agreement between them, be determined by lot in any manner determined by the Chairman.

15.6 A retiring Director may act until the conclusion of the Annual General Meeting at which he or she retires.

15.7 Each Director retiring from office in accordance with clauses 15.3 and 15.4 are eligible to apply to become a Director under clause 17.

15.8 The Company may by ordinary resolution remove any Director before the expiration of his or her period of office. The office of a Director becomes vacant if the Director:

- (a) dies;
- (b) is convicted of a criminal offence;
- (c) becomes bankrupt or makes any arrangement or composition with his or her creditors generally;
- (d) becomes prohibited from being a director of a company by reason of any order made under the Corporations Act;
- (e) ceases to be a Director by operation of any provision of the Corporations Act;
- (f) ceases to be a Member;
- (g) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Corporations Act relating to mental health;
- (h) resigns as a Director by notice in writing to the Company;
- (i) is absent from three consecutive meetings of the Board without having previously obtained leave of the Board; or
- (j) ceases to be an eligible individual under the Racing Act.

15.9 Where a vacancy exists at any time by reason of the number of Directors elected being fewer than the maximum number of Directors permitted under clause 15.1, (other than for a reason referred to in clause 15.8), the Board may appoint a Director to fill the vacancy. A Director appointed under this clause 15.9 will hold office initially until the conclusion of the next Annual General Meeting of the Company, and if the Company confirms the appointment as a Director by resolution of the Company at that Annual General Meeting, the person then holds office as a Director in accordance with that resolution from the conclusion of that Annual General Meeting and is then subject to the rotational retirement provisions of this clause 15. If the appointment is not confirmed, the person ceases to be a Director of the Company at the conclusion of the Annual General Meeting and the resulting vacancy may be filled again by the Directors in accordance with this clause, provided that the same person may not be re-appointed by the Directors to fill that vacancy. Clauses 15.3, 15.4 and 15.5 do not apply to a Director appointed under this clause 15.9, until immediately after the conclusion of the Annual General Meeting at which his or her initial appointment is confirmed

15.10 Where a vacancy occurs at any time by reason of a matter referred to in clause 15.8, the Board may appoint a Director to fill the vacancy. The Director so appointed will hold office initially until the conclusion of the next Annual General Meeting of the Company following the date of his or her initial appointment. If the next Annual General Meeting of the Company occurs in a year referred to in clause 15.3 or 15.4, the Director, being eligible, may nominate for election as a Director in accordance with the process set out in clause 17. If the next Annual General Meeting of the Company is not in a year

referred to in clause 15.3 or 15.4, the Company may confirm the appointment by resolution at that Annual General Meeting. If the appointment is not confirmed, the person ceases to be a Director of the Company at the conclusion of that Annual General Meeting and the resulting vacancy may be filled again by the Directors in accordance with this clause, provided that the same person may not be re-appointed by the Directors to fill that vacancy.

15.11 In order to be eligible to be appointed to fill a vacancy pursuant to clause 15.9 or 15.10 a person must, in the opinion of the sitting Directors, meet the Directors Selection Criteria contained in Appendix A.

15.12 The Directors are entitled to be remunerated for their services.

15.13 The Directors are also entitled to be paid their reasonable travelling and accommodation and other expenses incurred in consequence of their attendance at Directors' meetings and otherwise in the execution of their duties as Directors.

15.14 The remuneration accrues from day to day and is apportionable accordingly.

15.15 A Director is entitled to be remunerated from the date he or she is appointed to the Board. The amount to which each Director is entitled shall be determined by the Board or any sub-committee of it.

15.16 The Directors may be paid such aggregate remuneration as is from time to time determined by the Company in general meeting, and that remuneration accrues from day to day. The remuneration may be divided among the Directors in such proportion as they from time to time agree, and in default of agreement, equally.

15.17 Notwithstanding clauses 12.2 and 15.16 when there is on the agenda of a General Meeting of the Company, a motion to increase the aggregate fees payable to the Directors, the Class A Members are the only Members who may vote on that motion and each Class A Member has one vote whether on a show of hands or on a poll.

16. CHAIRMAN

16.1 The initial Chairman of the Company is Mr Robert Bentley, who shall hold office until the Annual General Meeting following the Initial Control Body Term.

16.2 The Chairman must retire following the Annual General Meeting following the Initial Control Body Term but may offer himself or herself for re-election as the Chairman.

16.3 Subject to this Constitution and the Corporations Act, any Director of the Company may offer himself or herself for election as Chairman.

16.4 Following the Initial Control Body Term the election of the Chairman will be determined by the Board following each director selection process in accordance with clause 17.

17. SELECTION OF DIRECTORS.

17.1 Four months prior to the Annual General Meeting after the conclusion of the Initial Control Body Term, a director selection process must take place in accordance with the provisions of this clause 17 (Selection Process 1).

17.2 The Subsequent director selection processes must be initiated four months prior to the Annual General Meeting:

- (a) which is two years after Selection Process 1;
- (b) in the year of completion of each term of an Approval in a Subsequent Control Body Term; and
- (c) every two years after the Annual General Meeting held for the purposes of clause 17.2(b) so that the same pattern of election of Directors occurs in each term during which the Company holds an Approval,

in accordance with the provisions of this clause 17.

17.3 Four months prior to the Annual General Meeting at which elections are to be held, the Company must, by public notice (an "Advertising Notice") advertise for applications from persons interested in filling the Directors positions which will be vacated on the Board of the Company at the next Annual General Meeting. The Company will send a copy of the Advertising Notice to each of the Class A Members and the Class B Members.

17.4 Applications received pursuant to clause 17.3 must be forwarded to and received by the Company Secretary by the date specified in the Advertising Notice.

17.5 Not less than three months prior to an Annual General Meeting at which elections are to be held, the Company Secretary must assess whether each applicant is suitable for election as a Director by reference to this Selection Criteria contained in Appendix A and provide a list of all suitably qualified applicants to each of the Class A Members and the Class B Members (other than those Class B Members who are Director Candidates).

17.6 Within four weeks of the provision by the Company Secretary of the list of suitably qualified applicants, the Class A Members and the Class B Members shall each select their respective preferred candidates from that list in accordance with the procedure set out in Appendix B. The number of candidates preferred by each Class must not exceed that number which is twice the number of Directors proposed to be elected (eg. If there are two positions for which elections are to be held, the number nominated by each Class must be not more than four). The preferred candidates from each Class will be those candidates who obtain the highest number of votes in the ballot for that Class determined in accordance with the provisions of Appendix B.

17.7 Not less than two months prior to the Annual General Meeting at which elections are to be held, the Class A Members and the Class B Members shall each provide to the Company Secretary a list of preferred candidates selected in accordance with clause 17.6, and the Company Secretary shall immediately prepare a Combined Shortlist containing all of the names of the preferred candidates selected by both Class A Members and Class B Members.

17.8 Not less than six weeks prior to the Annual General Meeting at which elections are to be held, a Selection Committee must be convened by the Chairman. The Selection Committee will be comprised of:

- (a) two Class A Member Representatives chosen from the Member Representatives appointed under clause 7 by agreement or ballot of the Class A Member Representatives;

(b) two Class B Members (who shall not include Class B members who are Director Candidates), one of whom, subject to the clause 17.10, will be the Chairman, and;

(c) one independent person – selected jointly and agreed by Class A Member Representatives and Class B Members (other than those Class B Members who are Director Candidates), or failing agreement within seven days of the date on which one Class proposes an independent person to the other Class, the independent person will be a solicitor with at least five years experience as a director on the board of one or more Public Companies who is appointed by the person acting for the time being as the President of the Queensland Law Society

17.9 As soon as practicable after the convening of the Selection Committee, the Company Secretary must provide the Combined Shortlist to the person chairing the Selection Committee.

17.10 The Chairman must chair the meeting of the Selection Committee save, where the Chairman is standing for election as a Director, the Board shall appoint one of the members of the Selection Committee referred to in clause 17.8 to chair the meeting.

17.11 Decisions of the Selection Committee may be made by a simple majority vote of those members who cast a vote. Each member (including the person chairing the Selection Committee) will have one deliberative vote. A vote shall not be taken unless all members of the Committee are present, except if, in the reasonable opinion of the chairman, a member has deliberately absented himself or herself from the meeting in order to deprive the meeting of a quorum or to render the vote ineffective.

17.12 The decision of the Selection Committee will effect the election of those Directors from the close of the next Annual General Meeting. The Chairman must, at the Annual General Meeting, announce the election of those Directors selected.

18. POWERS AND DUTIES OF THE DIRECTORS

18.1 The management of the Company is the responsibility of the Board and the Board may exercise all powers of the Company as are not, by the Corporations Act or by this Constitution, required to be exercised by the Company in general meeting.

18.2 The Board may make By-laws that are not inconsistent with the Constitution and the Corporations Act for the general management and running of the Company.

18.3 The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its property or any part of it, and to issue debentures and other securities whether outright or as security for any debt, liability, or obligation of the Company.

19. PROCEEDINGS OF THE BOARD

19.1 The Board may meet together for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A Director may at any time, and the Secretary must, on the requisition of a Director, summon a meeting of the Board.

19.2 Where a meeting of Directors is held and:

- (i) a chairman has not been elected; or

(ii) the Chairman is not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors present must elect one of their number to be the chairman of the meeting.

19.3 Subject to this Constitution, questions arising at any meeting of the Board will be decided by a majority of votes, and a determination by a majority of the members of the Board is a determination of the Board.

19.4 In case of an equality of votes, the Chairman of the meeting has a second or casting vote.

19.5 The quorum necessary for the transaction of the business of the Board is three.

19.6 The continuing members of the Board may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below the number fixed by or pursuant to this Constitution as the quorum of the Board, the continuing Directors may act for the purpose of filling a casual vacancy to that number or of summoning a general meeting of the Company, but for no other purpose.

19.7 A resolution in writing signed by all Directors in Australia for the time being entitled to receive notice of a meeting of the Board is as valid and effectual as if it had been passed at a meeting of the Board duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Directors.

19.8 The Board may delegate any of its powers and/or functions to one or more sub-committees consisting of such of the Directors as the Board thinks fit and the Board may also appoint the chairman of any such sub-committee.

19.9 Each sub-committee must keep proper minutes of its meetings and the provisions regulating proceedings of the Board apply to the proceedings of subcommittees also.

19.10 A sub-committee may meet and adjourn as the members of it think proper.

19.11 Sub-Committees are appointed by the Board only and may only make recommendations to the Board. No decision of a sub-committee is binding on the Company unless it is ratified by the Board.

19.12 Every act done by any meeting of the Board or of a sub-committee or by any person acting as a Director is, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or in the formation or constitution of a sub-committee or any of them were disqualified, as valid as if every such person had been duly appointed and was qualified to be a Director or the formation or constitution of the sub-committee as the case may be.

20. MEETINGS USING TECHNOLOGY

20.1 A Directors meeting or meeting of any sub-committee may be called or held using any technology allowed under the Corporations Act and consented to by all the Directors.

20.2 The consent referred to in clause 20.1 may be a standing one. A Director may only withdraw their consent within a reasonable period before the meeting.

21. NO ALTERNATE DIRECTORS

21.1 No director may appoint any other person to be an alternate director of the Company.

22. DIRECTORS CONTRACTING WITH THE COMPANY

22.1 No Director is disqualified by his or her office from contracting with the Company (whether as vendor or purchaser or otherwise), nor can any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be avoided, nor can any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of the director holding that office or of the fiduciary relationship, but the nature of the Director's interest must be disclosed by the director at a meeting of the Directors and the Secretary must record each declaration in the minutes of the meeting.

22.2 The declaration must be made at a meeting of the Directors at which the contract or arrangement is determined if the Director's interest then exists, or in any other case at the first meeting of the directors after the acquisition of the Director's interest.

22.3 A general notice that a Director is a member of a specified company or firm and is to be regarded as interested in any subsequent transaction with the company or firm is sufficient disclosure under this clause if:

- (a) the notice states the nature and extent of the interest of the Director in the company or firm; and
- (b) when the question of confirming or entering into the transaction is first taken into consideration the extent of the Director's interest in the company or firm is not greater than is stated in the notice; and
- (c) the notice is given at the meeting of Directors or the Director takes reasonable steps to ensure that it is brought up and read at the next meeting of the Directors after it is given.

22.4 The giving of a declaration or a general notice under this clause does not entitle a Director to be present or to vote at a meeting in relation to a particular contract unless a resolution of the Board under clause 22.5 has first been passed.

22.5 A Director who has a material interest in a matter that is being considered at a Directors Meeting must not be present at the meeting while the matter is being considered and must not vote on the matter unless clauses 22.2 and 22.3 have been satisfied and the Directors who do not have a material interest in the matter have passed a resolution in accordance with section 195 of the Corporations Act.

22.6 Subject to a Director having complied with this clause, the Director may affix and witness the affixing of the Common Seal of the Company to any contract in which he or she is interested.

23. COMPANY SECRETARY

23.1 The Secretary of the Company holds office on the terms decided by the Directors and in accordance with the Corporations Act.

23.2 The Secretary must cause minutes to be made and entered of:

- (a) the names of Directors and other persons present at all meetings of the Company and of the Board; and
- (b) all proceedings at all meetings of the Company and of the Board or of any committee or subcommittee constituted by the Board.

23.3 The minutes must be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

23.4 The Secretary of the Company will attend all meeting of Member Representatives and should keep minutes of those meetings and decisions of those meetings.

23.5 The Secretary of the Company must retain the voting papers of the Authorised Representatives of the Class A Members for a period of six months after the date of the General Meeting of which the vote was cast and at the request of any Class A Member shall make available for inspection and provide a copy of the voting paper to that Class A Member.

24. ACCOUNTS

24.1 The Auditor of the Company is appointed by the Company in general meeting and holds office in accordance with the Corporations Act.

24.2 The Board must cause:

- (a) proper accounting and other records to be kept;
- (b) copies of yearly financial statements (including every document required by law to be attached to them) accompanied by a copy of any auditor's report to be distributed to Members as required by the Corporations Act; and
- (c) a statement of financial position, a statement of financial performance and a statement of cash flow for the preceding financial year of the Company to be prepared to a date not more than twelve months before the date of the meeting and sent to every Member with the notice for each Annual General Meeting.

25. NOTICES

25.1 A Company may give the Notice of Meeting to a Member either by:

- (a) serving it on the Member personally;
- (b) by sending it by post to the Member at the address shown in the register of members or the address supplied by the member for the giving of notices;
- (c) forwarding it by facsimile transmission at the facsimile number shown in the registers of Members (if any) or the facsimile number supplied by the member for the giving of notices;
- (d) forwarding it by electronic mail to the electronic mail address shown in the register of Members (if any) or the electronic mail address supplied by the members for the giving of notices; or
- (e) in any other way allows by the Corporations Act.

25.2 A Notice of Meeting sent by post is taken to be given seven days after it is posted.

25.3 A Notice of Meeting sent by facsimile will be deemed to be effected on the date the Company receives a facsimile transmission report confirming receipt of the notice at the facsimile number for the member referred to in clause 25.1.

25.4 Where a notice is forwarded by electronic mail, service will be deemed to be effected on the day of the transmission, so long as the sender of the notice does not receive a delivery failure message in respect of the electronic mail.

25.5 Notice of every Meeting shall be given in any manner authorised by this Constitution to:

- (a) every Member except those Members who have not supplied to the Company an address for the giving of Notices to them; and
- (b) the auditor or auditors for the time being of the Company.

25.6 No other person is entitled to receive Notices of Meetings.

26. WINDING-UP

26.1 Upon the winding up or dissolution of the Company if any property remains after satisfaction of all its debts and liabilities, that property shall not be paid to or distributed among the Members of the Company but shall be given or transferred to a Control Body for thoroughbred racing in Queensland approved by the Minister at or before the time of dissolution, but if no such approval is given then to an institution having similar objects of the Company as determined by a Judge of the Supreme Court of Queensland.

26.2 In the event that the Company ceases to be a Control Body under the Racing Act, the Board will forthwith call a general meeting of Members to resolve to wind up the Company and will deal with the assets of the Company in accordance with clause 26.1.

26.3 Every Member of the Company undertakes to contribute to the assets of the Company to a maximum of \$10 in the event of the Company being wound up while he or she is a Member or within one year after he or she ceases to be a Member, for payment of the debts and liabilities of the Company contracted before he or she ceases to be a Member, and of the costs, charges and expenses of winding up and for the adjustments of the rights of the contributories among themselves.

27. INDEMNITY

27.1 Every Director, Secretary and other officer of the Company is indemnified out of the assets of the Company against any liability incurred by the person as officer except where the Company is prohibited from indemnifying the person under the provisions of the Corporations Act. The indemnity may extend to a liability for costs and expenses incurred by a person in defending proceedings, whether civil or criminal, irrespective of their outcome.

27.2 The Company may pay premiums in respect of contracts insuring persons who are or have been officers or auditors of the Company against liabilities incurred by them as officers or auditors and liability for costs and expenses incurred in defending proceedings (whether criminal or civil) whatever their outcome except in circumstances where the Company is prohibited from doing so under the Corporations Act.

27.3 A Director, manager, secretary or other officer of the Company is not liable for:

- (a) the act, neglect or default of any other Director or officer;

(b) any loss or expenses incurred by the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company;

(c) the insufficiency or deficiency of any security in or upon which any of the moneys of the Company are invested;

(d) any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects are deposited or left; or

(e) for any other loss or damage which happens in the execution of the duties of his office,

unless the same happens through his or her own negligence, wilful default, breach of duty or breach of trust.

APPENDIX A

Directors Selection Criteria

It is a **mandatory** requirement for any two or more of the following to apply:

1. Five or more years experience as a director or senior manager of a Large Proprietary Company*, a Public Company or a public sector entity;
2. Five or more years experience in a senior administrative role;
3. Five or more years experience at a senior level in the fields of finance, law, marketing or commerce; or
4. Five or more years experience as a non executive director in a Large Proprietary Company* or a Public Company.
5. Knowledge of the Thoroughbred Racing Code.

**A proprietary Company is a large proprietary company if it satisfies at least 2 of the following paragraphs:*

- (i) The consolidated gross operating revenue for the financial year of the company and the entities it controls (if any) is \$10 million or more;*
- (ii) The value of the consolidated gross assets at the end of the financial year of the company and the entities it controls (if any) is \$5 million or more;*
- (iii) The company and the entities it controls (if any) have 50 or more employees at the end of each financial year.*

Candidates must also be capable of demonstrating that they are an eligible individual within the meaning of the Racing Act.

APPENDIX B

Ballot Procedure

Selection procedure for voting by Class A Member Representatives and Class B Members (within their member groups) for preferred Director Candidates

- 1 The order of preference of the Director Candidates is to be agreed by the Member Representatives on behalf of the Class A Members and by those Directors who are not Director Candidates on behalf of the Class B Members. If the Members of a class cannot reach agreement then the ballot method set out in paragraph 2 will be followed.
- 2 Ballot method:
 - (a) The voting must be conducted by secret ballot. The Company will supply the ballot papers.
 - (b) Each Member Representative or Director (other than those Directors who are Director Candidates), as applicable, will indicate their preference by marking the squares opposite the names of the Director Candidates with the numbers 1, 2, 3 etc up to the number of Director Candidates appearing on the ballot paper. The highest number is to be allocated to the most preferred Director Candidate. For example, if there were three Director Candidates, they would mark the square opposite the most preferred candidate with the number 3.
 - (c) The Company Secretary will act as scrutineer to count the ballot papers and declare the order of preference of the Director Candidates.
 - (d) The ballot papers are counted by adding together the numbers allocated to each Director Candidate by each Member Representative or Director (other than those Directors who are Director Candidates), as applicable, to reach a total amount.
 - (e) After all the ballot papers are counted the Company Secretary will sort the Director Candidates into order of preference according to the total amount allocated to each Director Candidate from highest to lowest. For example, the Director Candidate with the highest total amount allocated will be the most preferred candidate, and the Director Candidate with the second highest total amount will be ranked second, and so on until each Director Candidate has a ranking.
 - (f) If two or more Director Candidates receive the same total amount, then the company secretary will determine the rank for those Director Candidates by drawing lots. For example, if two Director Candidates have the ranking of "4", after the lot is drawn one Director Candidate would have the ranking of "4" and the other the ranking of "5". The Director Candidates will be allocated the rank from highest to lowest in the order their lot is drawn.
 - (g) A ballot paper will be informal if marked other than in accordance with the above method and will not be counted.

Constitution of
Queensland Harness,
Racing Limited.
ACN 128 036 000.

Contents

1	Name of Corporation	1
2	Status of the Constitution	1
	2.1 Constitution of the Company	1
	2.2 Replaceable Rules	1
3	Interpretation	1
	3.1 Definitions	1
	3.2 Interpretation	4
4	Objects and purpose	4
5	Modification or repeal of this Constitution	4
	5.1 Modifying or repealing Constitution	4
	5.2 Date of effect of modification or repeal	4
6	Member's liability	4
	6.1 Liability to contribute	4
	6.2 Limited liability	5
7	Members	5
	7.1 Number of Members	5
	7.2 Becoming a Member	5
	7.3 Application for Membership	5
	7.4 New Class A Members	5
	7.5 New Class B Members	5
8	Rights of Members	5
9	Appointment of Member Representatives	6
10	Removal of Member Representative by the Board	8
	10.1 Circumstances for removal of Member Representative	8
	10.2 Show cause notice	8
	10.3 Removal Notice	8
	10.4 No appeal	8
11	Authorised Representative	8
12	Cessation of Membership	9
13	Maintenance of Register of Members	9
	13.1 Register of Members	9
	13.2 Inspection of Register of Members	9
14	General meetings	10
	14.1 Annual general meetings	10
	14.2 Director convening a general meeting	10
	14.3 Meetings requested by Members	10
	14.4 Notice of general meeting	10

14.5	Shorter notice of general meeting	10
14.6	Notice of resumption of an adjourned meeting	10
14.7	General meetings at two or more places	11
14.8	Postponement or cancellation of general meeting	11
14.9	Notice of change, postponement or cancellation of meeting	11
14.10	Omission to give notice relating to general meeting	11
15	Proceedings at general meetings	12
15.1	Quorum	12
15.2	Lack of quorum	12
15.3	Chairing general meetings	12
15.4	Conduct of general meetings	13
15.5	Adjournment	13
16	Proxy	13
16.1	Appointment of proxy	13
16.2	Proxy instruments	13
16.3	Proxy to be received by Company	14
16.4	Power to demand poll	14
16.5	Revocation of proxy	14
16.6	Validity of votes of proxy	14
16.7	No liability	15
17	Voting	15
17.1	Voting by Authorised Representative	15
17.2	Voting by Members	15
17.3	Chairman's casting vote	15
17.4	Proxy vote to be identified	16
17.5	Voting on resolution	16
17.6	Objection to right to vote	16
17.7	Written resolutions	16
17.8	Minutes	16
17.9	Disputes to be resolved by chair	17
18	Poll	17
18.1	Chair may determine to take a poll	17
18.2	Right to demand poll	17
18.3	Procedure for demanding poll	17
19	Appointment and removal of Directors	17
19.1	Number of Directors	17
19.2	Initial Directors	18
19.3	Term of appointment of Initial Directors	18
19.4	Election of Directors after the Initial Term	18
19.5	Rotation of Directors	18
19.6	Appointment of Directors	19
19.7	Cessation of Directorship	19
19.8	Resignation of Directors	19

20	Chairman	19
21	Selection of Directors	20
22	Powers and duties of Board	21
23	Negotiable Instruments	21
24	No Alternate Directors	21
25	Remuneration and reimbursement for expenses	22
	25.1 Remuneration of Director	22
	25.2 Reimbursement of expenses	22
26	Board meetings	22
	26.1 Convening meetings	22
	26.2 Notice of meetings	22
	26.3 Omission to give notice	22
	26.4 Use of technology	23
	26.5 Quorum at meetings	23
	26.6 Chair of meetings	23
	26.7 Passing resolutions at meetings	23
	26.8 Casting vote	23
	26.9 Conduct of meetings	24
	26.10 Written resolutions	24
	26.11 Minutes of meetings	24
	26.12 Committee meetings	24
27	Director's Interests	24
	27.1 Declaration of interest	24
	27.2 Voting by interested Directors	25
28	Appointment of Secretary	25
29	Removal and remuneration of Auditor	25
	29.1 Remuneration of Auditor	25
	29.2 Removal of Auditor	25
	29.3 Auditor's attendance at general meetings	26
30	Financial records	26
	30.1 Member's access to financial records	26
	30.2 Directors' access to financial records	26
	30.3 Access to financial records after ceasing to be a Director	26
31	Notices	26
	31.1 General	26
	31.2 How to give a communication	26
	31.3 Communications by post	27
	31.4 Communications by fax	27
	31.5 Communications by email	27
	31.6 After hours communications	27

32	Indemnity and Insurance	27
32.1	Indemnity	27
32.2	Documenting indemnity	28
32.3	Insurance	28
33	Winding up	28
33.1	Debts and liabilities on winding up	28
33.2	Ceasing to be a Control Body	29
33.3	Liability of Members on a winding up	29
34	Accounts and audit	29
35	Executive officers to be eligible individuals	29
Appendix A - Directors Selection Criteria		30
Appendix B - Ballot Procedure		31

1 Name of Corporation

The name of the Company is Queensland Harness Racing Limited.

2 Status of the Constitution

2.1 Constitution of the Company

This is the Constitution of the Company.

2.2 Replaceable Rules

This Constitution displaces the Replaceable Rules. Accordingly, none of the Replaceable Rules apply.

3 Interpretation

3.1 Definitions

In this Constitution:

Advertising Notice means the advertising notice to be placed in all metropolitan and Queensland state-wide newspapers by the Company in accordance with **clause 21**.

Auditor means the person appointed for the time being as the auditor of the Company.

Authorised Representative means the representative of a class of Members appointed in accordance with **clause 11** from time to time and references to an Authorised Representative include any alternate appointed for the Authorised Representative.

Board means the Directors present at a meeting, duly convened as a board meeting, at which a quorum is present.

Business Day means a day which is not a Saturday, Sunday or bank or public holiday in Brisbane, Queensland.

Chairman means the chairman of Directors appointed in accordance with this Constitution.

Class A Members means, from time to time, the Members who are named in the Register of Members as Class A Members.

Class A Voting Right means, subject to this Constitution, the right of all Class A Members to exercise one collective vote on Members' resolutions.

Class B Members means, from time to time, the Directors who are named in the Register of Members as Class B Members.

Class B Voting Right means, subject to this Constitution, the right of all Class B Members to exercise one collective vote on Members' resolutions.

Company means Queensland Harness Racing Limited ACN 128 036 000.

Constitution means the constitution for the time being of the Company as constituted by this document and any resolutions of the Company modifying this document.

Control Body has the meaning given in the Racing Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a person who is a director for the time being of the Company and **Directors** means more than one Director.

Director Candidates means candidates for the position of Director named on a Shortlist.

Director Selection Process means the process for selecting Directors which is described in **clause 21**.

First Class A Members means each of the following:

- (a) the Principal Club;
- (b) the Initial TAB Clubs;
- (c) the Initial Non-TAB Clubs; and
- (d) the Participants' Association.

First Class B Members means the Directors named in **clause 19.2**.

Independent Recruitment Consultant means an independent recruitment consultant engaged by the Board.

Initial Directors means the First Class B Members.

Initial Non-TAB Clubs means:

- (a) Metropolitan Harness Racing Club Rocklea Inc.;
- (b) Marburg Pacing Association;
- (c) Mackay Harness Racing Club Inc.; and
- (d) Rockhampton Harness Racing Club.

Initial TAB Clubs means:

- (a) Gold Coast Harness Racing Club Inc.; and
- (b) Redcliffe Peninsula Harness Racing & Sporting Club Inc.

Initial Term means the term of three years commencing on the date the Company is approved as the Control Body for harness racing pursuant to the Racing Act.

Licensed Club means a club which is licensed by the Company under the Racing Act.

Member means a person who is, or who is registered as, a Class A Member or a Class B Member and **Members** means more than one Member.

Member Representative means a representative of a category of Class A Members appointed in accordance with **clause 9** and references to a Member

Representative include any alternate appointed for the Member Representative.

Member's Guarantee Amount means an amount equal to \$10.

Membership means being a Member of the Company.

Non-TAB Clubs means, from time to time, those Initial Non-TAB Clubs that remain Members and each other Class A Member which is determined by the Board to be a Non-TAB Club when admitted to Membership in accordance with **clause 7**.

Notice of Appointment means a notice provided in accordance with **clause 9**.

Participants' Association means the Breeders, Owners, Trainers and Reinspersons Association.

Principal Club means Albion Park Harness Racing Club Inc.

Racing Act means the *Racing Act 2002* (Qld).

Register of Members means the register of Members maintained pursuant to the Corporations Act.

Replaceable Rules means the replaceable rules applicable to a public company limited by guarantee set out in the Corporations Act.

Replacement Entity means, in relation to a Class A Member, an entity which:

- (a) has substantially similar purposes and objectives as the Class A Member; and
- (b) carries on substantially the same activities as the Class A Member following a re-organisation, amalgamation or winding up of the Class A Member.

Removal Notice means a notice served by the Board under **clause 10.3**.

Revocation Notice means a notice provided in accordance with **clause 9(g)**.

Secretary means any person appointed for the time being as, or to perform the functions of, secretary of the Company.

Selection Committee means the committee formed in accordance with **clause 21(f)**.

Selection Criteria means the criteria for the selection of Directors set out in **appendix A**.

Shortlist means a shortlist of Director Candidates formulated in accordance with **clause 21**.

TAB Clubs means, from time to time, those Initial TAB Clubs that remain Members and each other Class A Member which is determined by the Board to be a TAB Club when admitted to Membership in accordance with **clause 7**.

3.2 Interpretation

In this Constitution:

- (a) the words "including", "include" and "includes" are to be construed without limitation;
- (b) a reference to legislation is to be construed as a reference to that legislation, any subordinate legislation under it, and that legislation and subordinate legislation as amended, re-enacted or replaced for the time being;
- (c) a reference to a "person" includes a corporate representative appointed pursuant to section 250D of the Corporations Act;
- (d) headings are used for convenience only and are not intended to affect the interpretation of this Constitution; and
- (e) a word or expression defined in the Corporations Act and used, but not defined, in this Constitution has the same meaning given to it in the Corporations Act.

4 Objects and purpose

- (a) The objects for which the Company is established are, in addition to those powers conferred by section 124 of the Corporations Act, to exercise the powers and perform the functions of a Control Body.
- (b) The income and property of the Company must be applied solely towards the promotion of the objects of the Company as set forth in this Constitution and no portion of it can be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit to the Members.

5 Modification or repeal of this Constitution

5.1 Modifying or repealing Constitution

This Constitution may be modified or repealed only by a special resolution of the Company in a general meeting.

5.2 Date of effect of modification or repeal

Any modification or repeal of this Constitution takes effect on the date the special resolution is passed or any later date specified, or provided for, in the resolution.

6 Member's liability

6.1 Liability to contribute

Subject to this Constitution, each person who is a Member, and each person who was a Member during the year ending on the day of the commencement

of the winding up of the Company, undertakes to contribute to the property of the Company for:

- (a) payment of debts and liabilities of the Company;
- (b) payment of the costs, charges and expenses of winding up; and
- (c) any adjustment of the rights of the contributories among Members.

6.2 Limited liability

The amount that each Member or past Member is liable to contribute is limited to the amount of the Member's Guarantee Amount.

7 Members

7.1 Number of Members

The Company must have at least one Member.

7.2 Becoming a Member

- (a) The first Members of the Company will be the First Class A Members and the First Class B Members.
- (b) Subject to the Corporations Act, a person becomes a Member on the registration of that person's name as a Class A Member or a Class B Member in the Register of Members.

7.3 Application for Membership

The Board may prescribe the form of the application for Membership.

7.4 New Class A Members

- (a) The Board may admit a Licensed Club which applies for Membership as a Class A Member. The Board will determine whether the Member is a TAB Club or a Non-TAB Club at the time of admission to Membership.
- (b) The Board may admit a person as a Class A Member in place of another Class A Member (or former Class A Member) if the Board is satisfied, in its absolute discretion, that the person is a Replacement Entity for that Class A Member.

7.5 New Class B Members

The Secretary shall forthwith cause the name of a new Director appointed under this Constitution to be entered in the register of Members as a Class B Member.

8 Rights of Members

- (a) Except as expressly provided by this Constitution, at a meeting of Members:
 - (i) the Class A Members have a Class A Voting Right;

- (ii) the Class B Members have a Class B Voting Right.
- (b) Subject to **clause 8(c)**, the Members of each class of Members shall determine how the class voting right is to be exercised on any resolution of Members.
- (c) At any general meeting of the Company:
 - (i) where there is a motion for an increase in the aggregate fees paid to Directors:
 - (A) Class B Members have no voting rights and for that motion there is no Class B Voting Right; and
 - (B) each Member Representative has the right to vote in accordance with this Constitution and for that motion there is no Class A Voting Right;
 - (ii) where there is a motion for the removal of a Class A Member, each Member Representative (other than a Member Representative appointed by the category of Class A Members to which the Member under consideration belongs) and each Class B Member has the right to one vote and for that motion there is no Class A Voting Right or Class B Voting Right.
- (d) The members of each category of Class A Members shall determine how the votes of the Member Representatives appointed by that category of Class A Members are to be exercised.
- (e) The rights and obligations of a Member are personal and are not transferable.

9 Appointment of Member Representatives

- (a) Class A Members have a right to appoint Member Representatives as follows:
 - (i) the Principal Club has the right to appoint five Member Representatives;
 - (ii) the TAB Clubs each have the right to appoint two Member Representatives;
 - (iii) the Non-TAB Clubs collectively have the right to appoint one Member Representative; and
 - (iv) the Participants' Association has the right to appoint one Member Representative.
- (b) Upon the admission of a Replacement Entity as a Class A Member in accordance with this Constitution, that Replacement Entity shall have the same rights to appoint or join in the appointment of Member Representatives as the Class A Member which they replaced.
- (c) Class A Members may appoint an alternate for any Member Representative. If a Member Representative ceases to be a Member

Representative, any alternate for that Member Representative ceases to be an alternate for that Member Representative.

- (d) In order to validly appoint its Member Representative or Representatives or any alternate for a Member Representative, a Class A Member or Members must send a Notice of Appointment to the Secretary which sets out the following:
 - (i) the name of the Member Representative;
 - (ii) the name of any alternate for the Member Representative;
 - (iii) the name of the Member or Members;
 - (iv) the term of the appointment; and
 - (v) unless the appointment is to fill a vacancy, the details required by paragraph (g).
- (e) A Notice of Appointment takes effect on the later of the date of:
 - (i) receipt by the Secretary; or
 - (ii) revocation of the existing Member Representative (if any) taking effect.
- (f) Where a Notice of Appointment received by the Secretary does not specify the term of the appointment, the appointment will be a standing one.
- (g) A Member or Members may revoke the appointment of a Member Representative (or any alternate for a Member Representative) by sending a Revocation Notice to the Secretary which sets out the following:
 - (i) the name of the Member Representative or alternate whose appointment is being revoked;
 - (ii) the name of the Member or Members; and
 - (iii) the date from which the appointment is to be revoked which cannot be a date earlier than three Business Days after the Revocation Notice is given to the Secretary.
- (h) Neither **clause 9(a)** nor **(b)** may be amended without the approval by resolution passed at a meeting of Class A Members by:
 - (i) a majority of 75% of the Class A Members present in person or by proxy and voting at the meeting of Class A Members; and
 - (ii) a majority of 75% of all Class A Members of the category whose number of representatives will be affected.

At that meeting each Class A Member shall have one vote.

10 Removal of Member Representative by the Board

10.1 Circumstances for removal of Member Representative

In circumstances where a Member Representative is found guilty of a criminal offence or, in the opinion of the Board:

- (a) wilfully refuses or neglects to comply with the provisions of this Constitution;
- (b) is guilty of any dishonest, corrupt, fraudulent, improper or dishonourable action or practice in connection with racing; or
- (c) is guilty of any conduct which is unbecoming of a Member Representative or prejudicial to the interests of the Company,

the Board may take steps to remove the Member Representative as set out in this clause.

10.2 Show cause notice

If the circumstances described in **clause 10.1** occur in relation to a Member Representative, the Board must, before serving a Removal Notice, give each Member who has appointed the Member Representative a notice requiring the Member to show cause why a Removal Notice should not be served.

10.3 Removal Notice

If, within 14 days after a notice is given by the Board under **clause 10.2**, the Member or Members fail to:

- (a) show cause to the satisfaction of the Board why the Member Representative should not be removed as a Member Representative; or
- (b) remove the Member Representative in accordance with **clause 9(g)**,

the Board may serve a Removal Notice on the Member or Members advising them that the Member Representative is removed with effect from a date (on or after the date of the Removal Notice) stated in the Removal Notice.

10.4 No appeal

No Member or Member Representative has any right of appeal in relation to a Removal Notice.

11 Authorised Representative

- (a) Each class of Members may appoint and remove from time to time one natural person Authorised Representative in accordance with this clause.
- (b) Each class of Members may appoint and remove from time to time one natural person as an alternate for an Authorised Representative in accordance with this clause.
- (c) The Authorised Representative of the Class A Members and any alternate for that Authorised Representative shall be selected by ordinary resolution of the Member Representatives, and the chairman of the

Principal Club shall forthwith notify the Secretary in writing of that appointment on behalf of the Class A Members.

- (d) The Authorised Representative of the Class B Members and any alternate for that Authorised Representative shall be selected by ordinary resolution of the Class B Members, and the Chairman shall forthwith notify the Secretary in writing of that appointment on behalf of the Class B Members.

12 Cessation of Membership

A person ceases to be a Member if any of the following circumstances occur:

- (a) the Member resigns as a Member by giving the Board at least 30 days' notice of the resignation, effective from the date specified in the notice;
- (b) the Member, being a Class B Member, ceases to be a Director;
- (c) the Member, being a Class A Member, is formally wound up or otherwise formally ceases to carry on its activities;
- (d) the Member, being a Class A Member and a Licensed Club under the Racing Act, ceases to be a Licensed Club; or
- (e) the Member, being a Class A Member, is removed by unanimous vote of Member Representatives (excluding any Member Representative appointed by the category of Class A Members to which the Member under consideration belongs) and Class B Members in general meeting.

13 Maintenance of Register of Members

13.1 Register of Members

The Secretary must maintain a Register of Members setting out:

- (a) the name and address of each Member;
- (b) the date on which each person became a Member; and
- (c) in respect of each person who has ceased to be a Member, the date on which that person ceased to be a Member.

13.2 Inspection of Register of Members

The Register of Members must be kept at the Company's registered office or the principal place of business. A Member may inspect the Register of Members between the hours of 9.00 am and 5.00 pm on any Business Day. No amount may be charged for inspection.

14 General meetings

14.1 Annual general meetings

The Company must hold its first annual general meeting within 18 months after its incorporation.

14.2 Director convening a general meeting

Any Director or the Directors may convene a general meeting.

14.3 Meetings requested by Members

- (a) If the Board receives a request from 75% of the Class A Members, the Board must convene a general meeting within 21 days after the request is given to the Company.
- (b) The request must detail any proposed resolution, the names of the Members requesting the meeting and be signed by all of the Members making the request. For this purpose, signatures of the Members may be contained in more than one document.
- (c) A general meeting requested by the Class A Members must be held no later than two months after the request is received.

14.4 Notice of general meeting

At least 21 days' notice of a general meeting must be given to the Members, the Directors and the Auditor. The notice must:

- (a) state the date, time and place (or places) of the meeting;
- (b) state the general nature of the business to be conducted at the meeting;
- (c) state any proposed resolutions; and
- (d) contain a statement informing the Members of the right to appoint a proxy.

14.5 Shorter notice of general meeting

Subject to the Corporations Act, shorter notice of a general meeting may be given if the calling of the notice of the general meeting on shorter notice is agreed to:

- (a) in the case of an annual general meeting, by all persons entitled to attend and vote at the meeting; and
- (b) in the case of any other general meeting, by 95% of the persons entitled to attend and vote at the general meeting agree before the meeting, and accordingly, any such general meeting will be treated as having been duly convened.

14.6 Notice of resumption of an adjourned meeting

If a general meeting is adjourned for 30 days or more, at least 21 days' notice must be given to the Members, Directors and Auditor of the day, time and place (or places) for the resumption of the adjourned general meeting.

14.7 General meetings at two or more places

A general meeting may be held in two or more places. If a general meeting is held in two or more places, the Company must use technology that gives those entitled to attend and vote a reasonable opportunity to participate at that general meeting.

14.8 Postponement or cancellation of general meeting

- (a) Subject to this Constitution and the Corporations Act, the Board may change the place (or places) of, postpone or cancel a general meeting.
- (b) If a general meeting is convened pursuant to a request by Members, the Board may not postpone or cancel the general meeting without the consent of the requesting Members.

14.9 Notice of change, postponement or cancellation of meeting

- (a) If the Directors have convened a general meeting, the Board may change the place (or places) of the general meeting, postpone or cancel the general meeting. If a Director has convened a general meeting, only the Director who convened the general meeting may change the place (or places) of the general meeting, or postpone or cancel the general meeting.
- (b) If the Board changes the place (or places) of a general meeting, notice must be given to each Member and each person entitled to receive notice of the meeting of the new place (or places) of the meeting.
- (c) If the Board postpones a general meeting, notice must be given to each Member and each other person entitled to receive notice of the new date, time and place (or places) of the meeting.
- (d) If the Board cancels a general meeting, notice must be given to each Member and each other person entitled to receive notice of general meetings.

14.10 Omission to give notice relating to general meeting

No resolution passed at or proceedings at any general meeting will be invalid because of any unintentional omission or error in giving or not giving notice of:

- (a) that general meeting;
- (b) any change of place (or places) of that general meeting;
- (c) postponement of that general meeting including the date, time and place (or places) for the resumption of the adjourned meeting; or
- (d) resumption of that adjourned general meeting.

15 Proceedings at general meetings

15.1 Quorum

- (a) Subject to this clause, a quorum at a general meeting is the Authorised Representative of the Class A Members and the Authorised Representative of the Class B Members.
- (b) A quorum at a general meeting which has been convened to consider resolutions which do not require the exercise of the Class A Voting Right or the Class B Voting Right is two Member Representatives.

15.2 Lack of quorum

- (a) If a quorum is not present within 30 minutes after the time appointed for commencement of the meeting (or any longer period of time as the chair may allow):
 - (i) if convened by a Director or on the request of Members, is dissolved; or
 - (ii) in any other case:
 - (A) is adjourned to be resumed on a day, time and place (or places) as the chair determines or if the chair is not present as the Directors at the meeting may determine; or
 - (B) if the Directors do not so determine, no Director is present or no Director present determines:
 - (1) the date for the resumption of the adjourned general meeting will be on the same day in the next week;
 - (2) the time for the resumption of the adjourned general meeting will be at the same time as the adjourned meeting; and
 - (3) the place (or places) for the resumption of the adjourned general meeting, will be at the same place (or places) as the adjourned meeting.
- (b) If a quorum is not present within 30 minutes after the time appointed for the resumption of the adjourned general meeting or ceases to be present during the meeting, the meeting is dissolved.

15.3 Chairing general meetings

- (a) The Chairman will chair general meetings.
- (b) If the Chairman is not present within 15 minutes after the time appointed for any general meeting or if the Chairman is unwilling or unable to act as chair for the whole or any part of that general meeting, the Directors present may elect a Director present to chair that general meeting.
- (c) If no Director is elected or if all the Directors present decline to take the chair for the whole or any part of that general meeting, those present and entitled to vote may elect a Member Representative or Member present

(in person) to chair for the whole or any part of that general meeting. If those present do not so elect a chair, the meeting will be adjourned to be resumed on the same day, at the same time and at the same place (or places) in the following week.

15.4 Conduct of general meetings

The chair of each general meeting has charge of conduct of that meeting, including the procedures to be adopted and the application of those procedures at that meeting.

15.5 Adjournment

- (a) The chair of a general meeting at which a quorum is present may, with the consent of those present in person or by proxy (and entitled to vote) adjourn the general meeting.
- (b) If a majority of those present at a general meeting in person or by proxy and entitled to vote determine that the meeting should be adjourned, the chair must adjourn the meeting to another date, time and place (or places) determined by the chair.
- (c) No business may be transacted on the resumption of an adjourned or postponed general meeting other than the business left unfinished at the adjourned or postponed general meeting.

16 Proxy

16.1 Appointment of proxy

- (a) A Member who is entitled to attend and to vote at a general meeting of the Company may appoint a person as proxy to attend, speak and vote for that Member. The instrument appointing a proxy may restrict the exercise of any power.
- (b) A proxy may be, but does not have to be, a Member.

16.2 Proxy instruments

- (a) An appointment of a proxy must be in writing and be signed by the Member appointing the proxy or by the duly authorised attorney of that Member and state:
 - (i) the Member's name and address;
 - (ii) the Company's name;
 - (iii) the proxy's name or the name of the office held by the proxy; and
 - (iv) the general meeting at which the proxy may be used, or if the appointment is a standing one, a clear statement to that effect.
- (b) Where a proxy is signed pursuant to a power of attorney, a copy of the power of attorney (certified as a true copy of the original) must be attached to the proxy instrument sent to the Company.

- (c) An instrument appointing a proxy may direct the way in which a proxy is to vote on a particular resolution. If an instrument contains a direction, the proxy must vote as directed in the instrument, and is not entitled to vote on the proposed resolution except as directed in the instrument. If an instrument does not contain a direction, the proxy is entitled to vote on the proposed resolution as the proxy considers appropriate.
- (d) If a proxy is appointed to vote on a particular resolution by more than one member, that proxy:
 - (i) may vote on a show of hands in the same way if each instrument appointing the proxy directs the proxy to vote in the same way or does not direct the proxy how to vote;
 - (ii) may not vote on a show of hands unless each instrument appointing the proxy and directing the proxy to vote in a particular way directs the proxy to vote in the same way.

16.3 Proxy to be received by Company

An instrument purporting to appoint a proxy is not effective unless it is received, together with any additional documentation, including a copy of the power of attorney (certified as a true copy of the original), by the Company at least 48 hours before the general meeting or, as the case may be, the resumption of an adjourned general meeting, at any of the following:

- (a) the registered office;
- (b) a facsimile number at the registered office; or
- (c) a place, facsimile number or electronic address specified for that purpose in the notice of the general meeting.

16.4 Power to demand poll

A proxy may demand, or join in demanding, a poll in accordance with this Constitution.

16.5 Revocation of proxy

The appointment of a proxy may be revoked by the person who appointed the proxy by notice to the Company from that person or, as the case may be, the duly authorised attorney of that person, stating that the appointment of a proxy is revoked or by appointing a new proxy.

16.6 Validity of votes of proxy

A vote cast by a proxy will be valid unless before the start of a general meeting (or, in the case of an adjourned or postponed general meeting, not less than 48 hours before the resumption of the adjourned or postponed general meeting) at which a proxy votes:

- (a) the person who appointed the proxy ceases to be a Member; or
- (b) the Company receives notice of:
 - (i) the revocation of the instrument appointing the proxy;

- (ii) the appointment of a new proxy; or
- (iii) the revocation of any power of attorney under which the proxy was appointed.

16.7 No liability

The Company is not responsible for ensuring that any directions provided in the instrument appointing the proxy or the way in which a proxy is to vote on a particular resolution are complied with, and accordingly is not liable if those directions are not complied with.

17 Voting

17.1 Voting by Authorised Representative

- (a) The Class A Voting Right is exercisable only by the Authorised Representative appointed by the Class A Members (or that Authorised Representative's alternate).
- (b) The Class B Voting Right is exercisable only by the Authorised Representative appointed by the Class B Members (or that Authorised Representative's alternate).
- (c) On a resolution on which they are entitled to vote, the Authorised Representatives of the Class A Members and the Class B Members have one vote each.

17.2 Voting by Members

- (a) A Member Representative has the following rights to vote at a meeting of the Company (only):
 - (i) on the removal of a Class A Member; or
 - (ii) on a motion to increase Directors' fees.
- (b) Each Member Representative must vote in person and has one vote whether on a show of hands or on a poll.
- (c) A Class B Member has the right to vote at a meeting of the Company only on the removal of a Class A Member.
- (d) A Class B Member may vote in person or by proxy. Each Class B Member has one vote whether on a show of hands or on a poll.

17.3 Chairman's casting vote

In the case of an equality of votes, the chair of the meeting has a second or casting vote except:

- (a) on a resolution to amend the Constitution;
- (b) on the election or removal of Directors; and
- (c) on a resolution to increase the Directors' remuneration.

17.4 Proxy vote to be identified

Before a vote is taken the chair must inform those present whether any proxy votes have been received and, if so, how the proxy votes are to be cast.

17.5 Voting on resolution

At any general meeting, a resolution put to a vote must be determined by a show of hands unless a poll is demanded in accordance with this Constitution.

17.6 Objection to right to vote

- (a) A challenge to a right to vote at a general meeting:
 - (i) may only be made at that general meeting; and
 - (ii) must be determined by the chair.
- (b) A determination made by the chair in relation to a challenge to a right to vote is binding on all Members and is final.

17.7 Written resolutions

A resolution may be passed without a general meeting being held if all those entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document. For this purpose, signatures of the voters may be contained in more than one document.

17.8 Minutes

- (a) Unless a poll is demanded in accordance with this Constitution, a declaration by the chair that a resolution has, on a show of hands, been:
 - (i) carried;
 - (ii) carried unanimously;
 - (iii) carried by a particular majority; or
 - (iv) lost or not carried by a particular majority,is conclusive evidence of the fact declared. An entry to that effect made in the minutes book of the Company signed by the chair is evidence of that fact unless the contrary is proved.
- (b) Within one month after each general meeting, the Directors must record or cause to be recorded in the minutes book:
 - (i) the proceedings and resolutions of each general meeting;
 - (ii) any declarations at each general meeting ; and
 - (iii) all resolutions passed without a general meeting.
- (c) The chair, or the chair of the next meeting, must sign the minutes within one month after the general meeting.
- (d) The minute books must be kept at the registered office.

- (e) Members may inspect the minute books between the hours of 9.00 am and 5.00 pm on any Business Day. No amount may be charged for inspection.

17.9 Disputes to be resolved by chair

The chair will determine any dispute in relation to any vote, and the determination of the chair is binding on all Members and is final.

18 Poll

18.1 Chair may determine to take a poll

The chair of a general meeting may determine that a poll be taken on any resolution.

18.2 Right to demand poll

A poll may be demanded on any resolution at a general meeting by:

- (a) at least five Members entitled to vote (in person or by representative) on the resolution; or
- (b) Members with at least five percent of the votes that may be cast on the resolution on a poll.

18.3 Procedure for demanding poll

- (a) A poll may be demanded:
 - (i) before a vote on a show of hands is taken;
 - (ii) before the result of a vote on a show of hands is declared; or
 - (iii) immediately after the result of a vote on a show of hands is declared.
- (b) If a poll is demanded, it may be taken in the manner and at the time and place (or places) as the chair directs.
- (c) A demand for a poll may be withdrawn at any time by the person or persons who demanded it. A demand for a poll which is withdrawn does not invalidate the result of a show of hands declared before the demand for the poll was made.
- (d) Other than where a poll is demanded on the election of a chair or the question of an adjournment, a demand for a poll does not prevent the general meeting continuing for the transaction of any business.

19 Appointment and removal of Directors

19.1 Number of Directors

The number of Directors must not be less than three nor more than five. At least two Directors must reside ordinarily in Australia.

19.2 Initial Directors

The Initial Directors will be:

- (a) Robert Lette;
- (b) Kevin Seymour;
- (c) David Knudsen; and
- (d) Janice Dawson.

19.3 Term of appointment of Initial Directors

- (a) The Initial Directors shall be appointed for a maximum period of the Initial Term, but two of them must retire from office during the calendar year 2010 and two of them must retire from office during the calendar year 2011, unless they cease to hold office sooner in accordance with this Constitution or the Corporations Act.
- (b) The Initial Directors shall be eligible for re-appointment in accordance with **clause 21**.
- (c) The Initial Directors to retire first may include any Director who wishes to retire and does not wish to be re-appointed as a Director. If an agreement cannot be reached between the Initial Directors on who will retire first, the Initial Directors who will retire first will be determined by lot in a manner determined by the Chairman.

19.4 Election of Directors after the Initial Term

After the Initial Term an election of Directors must take place every year in accordance with **clause 21**.

19.5 Rotation of Directors

- (a) The Directors are subject to retirement by rotation. At each annual general meeting after the Initial Term, two Directors will retire from office.
- (b) The Directors to retire by rotation at each annual general meeting may include any Director who wishes to retire and does not wish to be re-appointed as a Director. Otherwise the Directors required to retire must be the Directors who have been in office the longest as Director.
- (c) If there are three or more Directors that have been in office for an equal amount of time, and an agreement cannot be reached between those Directors on who will retire, the Directors who will retire will be determined by lot in a manner determined by the Chairman.
- (d) A retiring Director is eligible for re-appointment in accordance with **clause 21**.
- (e) Unless a resolution is passed to appoint some other person to fill the office of Director to be vacated by a retiring Director, a retirement by rotation at a general meeting does not become effective until the end of the meeting.

19.6 Appointment of Directors

- (a) Subject to this Constitution, the Board may by resolution at a Board meeting appoint a natural person as a Director, as an additional Director or to fill the office of a Director vacated when a Director ceases to be a Director.
- (b) An appointment of a person as a Director is not effective unless a signed consent to the appointment is provided by that person to the Company. The appointment of a person as a Director will take effect on the later of the date of appointment and the date on which the Company receives the signed consent.

19.7 Cessation of Directorship

A person ceases to be a Director (and a Class B Member) and the office of Director is vacated if the person:

- (a) is removed from office as a Director by a resolution of the Company at a general meeting;
- (b) resigns as a Director in accordance with this Constitution;
- (c) is convicted of a criminal offence;
- (d) becomes bankrupt or makes any arrangement or composition with creditors;
- (c) is subject to assessment or treatment under any mental health law and the Board resolves that the person should cease to be a Director;
- (d) dies;
- (e) is disqualified from acting as a Director under the Corporations Act;
- (f) is absent from Board meetings for a continuous period of three months without leave of absence from the Board and the Board resolves that the Director's office should be vacated; or
- (g) ceases to be an eligible individual under the Racing Act.

19.8 Resignation of Directors

A Director may resign from the office of Director by giving notice of resignation to the Company at its registered office.

20 Chairman

- (a) The initial Chairman will be Robert Lette, who shall hold office as Chairman until the annual general meeting following the Initial Term, unless he retires and is not reappointed as a Director sooner.
- (b) Subject to this Constitution and the Corporations Act, any Director may offer himself or herself for election as Chairman.
- (c) Subject to paragraph (a), the election of the Chairman will be determined by the Board following each Director Selection Process.

21 Selection of Directors

- (a) A Director Selection Process must take place in each calendar year, commencing in the 2010 calendar year.
- (b) Not less than seven months prior to the general meeting at which Directors will be elected, the Company must place an Advertising Notice advertising for Directors to fill Board positions which will be vacated at the general meeting. The Company will send a copy of the Advertising Notice to each of the Members.
- (c) Not less than five months prior to the general meeting a Shortlist of the applications received in response to the Advertising Notice must be prepared by the Independent Recruitment Consultant by reference to the Selection Criteria. The number of Director Candidates on the Shortlist is to be decided by the Independent Recruitment Consultant. However the Shortlist shall be no less than the number of Director positions plus two.
- (d) Not less than four months prior to the general meeting and subject to the application of the Selection Criteria and probity checks being conducted on all Director Candidates, the Shortlist will be provided to the Members (other than any Class B Members who are Director Candidates) for consideration and determination of their preferred Director Candidates.
- (e) Each of the Members (other than any Class B Members who are Director Candidates) shall determine the order of preference of the Director Candidates, taking into account the Selection Criteria, in accordance with part I of **appendix B**, before the Selection Committee meets under **clause (f)**.
- (f) Not less than eight weeks prior to the general meeting, a Selection Committee must be convened by the Chairman. The Selection Committee will be comprised of:
 - (i) all Member Representatives; and
 - (ii) Class B Members who are not Director Candidates.
- (g) The Chairman shall chair the meeting of the Selection Committee, unless the Chairman is a Director Candidate, in which case the Selection Committee shall elect a member of the Selection Committee to chair the meeting.
- (h) The meeting shall first discuss the Shortlist and try to agree who is to be the preferred candidate or candidates to fill the vacancy.
- (i) If no agreement is reached on the preferred candidate or candidates after such time as the chairman of the meeting considers reasonable, the Selection Committee shall follow the ballot procedure in accordance with part II of **appendix B** for the selection of Directors.
- (j) Where a meeting of the Selection Committee is convened pursuant to **clause (f)**, that meeting must continue until such time as the Directors to be elected have been determined or the chairman of the meeting adjourns the meeting.

- (k) The decision of the Selection Committee shall effect the election of those Directors from the close of the next general meeting. The Chairman shall, at the general meeting announce the election of those Directors selected.

22 Powers and duties of Board

- (a) Subject to this Constitution and the Corporations Act, the activities of the Company are to be managed by, or under the direction of, the Board.
- (b) Subject to this Constitution and the Corporations Act, the Board may exercise all powers of the Company that are not required to be exercised by the Company in a general meeting.
- (c) The powers of the Board include the power to:
 - (i) borrow or otherwise raise money;
 - (ii) mortgage or charge (including in the form of a floating charge) any of the Company's assets (both present and future); and
 - (iii) issue debentures and other securities, and any instrument (including any bond).
- (d) The Board may delegate any of its powers to:
 - (i) a Director;
 - (ii) a committee of Directors;
 - (iii) an employee of the Company; or
 - (iv) any other person.

23 Negotiable instruments

All negotiable instruments and all receipts for money paid to the Company must be signed, drawn, accepted, endorsed or otherwise executed in such manner as the Board may determine.

24 No Alternate Directors

No Director may appoint any other person to be an alternate director of the Company.

25 Remuneration and reimbursement for expenses

25.1 Remuneration of Director

The Directors are to be remunerated for their services as Directors as follows:

- (a) the amount of remuneration of the Directors is a yearly sum not exceeding the sum from time to time determined by the Company in general meeting;
- (b) the amount of remuneration of the Directors is to be divided among them in the proportion and manner they agree or, in default of agreement, among them equally;
- (c) a Director is entitled to be remunerated from the date he or she is appointed to the Board;
- (d) the remuneration is to be provided wholly in cash; and
- (e) the Directors' remuneration accrues from day to day.

25.2 Reimbursement of expenses

Directors are entitled to be reimbursed by the Company for reasonable costs and expenses incurred or to be incurred in connection with attendance at meetings of the Board and committees of the Board.

26 Board meetings

26.1 Convening meetings

- (a) In the ordinary course, the Secretary will convene Board meetings in accordance with the determinations of the Board.
- (b) A Director may at any time convene a Board meeting by notice to the other Directors.

26.2 Notice of meetings

- (a) Reasonable notice of each Board meeting must be given to the Directors.
- (b) Each notice must state:
 - (i) the date, time and place (or places) of the Board meeting;
 - (ii) the general nature of the business to be conducted at the Board meeting; and
 - (iii) any proposed resolutions.

26.3 Omission to give notice

No resolution passed at or proceedings at any Board meeting will be invalid because of any unintentional omission or error in giving or not giving notice of:

- (a) that Board meeting;
- (b) any change of place (or places) of that Board meeting;

- (c) postponement of that Board meeting; or
- (d) resumption of that adjourned Board meeting.

26.4 Use of technology

- (a) A Board meeting may be convened or held using any technology consented to by all Directors. The consent may be a standing one. A Director may withdraw consent to the use of a particular technology within a reasonable time period before a Board meeting.
- (b) If a number of Directors equal to the quorum is able to hear or to see and to hear each other Director contemporaneously using any technology consented to by all Directors, there is a meeting and that meeting is quorate. The rules relating to meetings of Directors apply to each such meeting to the extent appropriate.
- (c) A Director participating at a meeting using technology consented to by all Directors is treated as being present in person at the meeting.
- (d) A meeting using technology consented to by all Directors is to be taken to be held at the place determined by the chair of the meeting.
- (e) A Director is presumed conclusively to have been present and to have formed part of a quorum at all times during a meeting using technology consented to by all Directors, unless the chair consents to that Director leaving in which case that Director will be treated as having been present until that Director leaves.

26.5 Quorum at meetings

A quorum at a Board meeting is at least two of the Directors present in person. The quorum must be present at all times during the Board meeting.

26.6 Chair of meetings

- (a) The Chairman will chair Board meetings.
- (b) If the Chairman is not present within 15 minutes after the time appointed for a Board meeting or if the Chairman is unwilling or unable to act as chair for the whole or any part of that Board meeting, the Directors present may elect a Director present to chair that Board meeting.

26.7 Passing resolutions at meetings

- (a) A resolution of the Board must be passed by a majority of the votes cast by the Directors entitled to vote on the resolution.
- (b) Each Director present in person is entitled to vote and has one vote.

26.8 Casting vote

If on any resolution an equal number of votes is cast for and against a resolution, the chair has a casting vote in addition to any vote cast by the chair as a Director.

26.9 Conduct of meetings

The chair of each Board meeting has charge of conduct of that meeting, of the procedures to be adopted and the application of those procedures at that meeting.

26.10 Written resolutions

The Board may pass a resolution without a Board meeting being held if all the Directors present in Australia and entitled to vote on the resolution sign a document containing a statement that they are in favour of the resolution set out in the document. For this purpose, signatures can be contained in more than one document, with each document to be identical to each other document.

26.11 Minutes of meetings

- (a) Within one month after each Board meeting, the Directors must record or cause to be recorded in the minute books:
 - (i) the proceedings and resolutions of each Board meeting; and
 - (ii) all resolutions passed without a Board meeting.
- (b) The chair of a Board meeting, or the chair of the next Board meeting, must sign the minutes within one month after the meeting.
- (c) The minute books must be kept at the registered office.
- (d) The Directors may inspect the minute books between the hours of 9.00 am and 5.00 pm on any Business Day. No amount may be charged for inspection.

26.12 Committee meetings

The Board will determine how meetings of any committee of the Board are to be conducted, including the procedures to be adopted and the application of those procedures.

27 Director's interests

27.1 Declaration of interest

- (a) Any Director who has a material personal interest in a contract or proposed contract of the Company, holds any office or owns any property such that the Director might have duties or interests which conflict or may conflict either directly or indirectly with the Director's duties or interests as a Director, must give the Board notice of the interest at a Board meeting.
- (b) A notice of a material personal interest must set out:
 - (i) the nature and extent of the interest; and
 - (ii) the relation of the interest to the affairs of the Company.

- (c) The notice must be provided to the Board at a Board meeting as soon as practicable.

27.2 Voting by interested Directors

A Director who has a material personal interest in a matter that is being considered at a Board meeting must not:

- (a) vote on the matter at a meeting; or
- (b) be present while the matter is being considered at the meeting, and accordingly will not count for the purposes of determining whether there is a quorum

unless the Directors (other than the interested Director) otherwise resolve in accordance with the Corporations Act.

28 Appointment of Secretary

- (a) The Company must have at least one Secretary. The Board has the power to appoint a natural person to act as secretary on the terms and for such period as the Board may determine.
- (b) The Secretary of the Company will attend all meetings of Member Representatives and should keep minutes of those meetings and decisions of those meetings.
- (c) The Secretary of the Company must retain the voting papers of the Authorised Representatives of the Class A Members for a period of six months after the date of the General Meeting of which the vote was cast and at the request of any Class A Member shall make available for inspection and provide a copy of the voting paper to that Class A Member.
- (d) Any Secretary appointed may be removed at any time by the Board.

29 Removal and remuneration of Auditor

29.1 Remuneration of Auditor

The remuneration of the Auditor may be determined by the Company at a general meeting. If the remuneration is not determined at a general meeting, it may be determined by the Directors at a Board meeting.

29.2 Removal of Auditor

- (a) The Company may remove an Auditor by resolution at a general meeting.
- (b) At least two months' notice must be given to the Company of the intention to move a resolution to remove an Auditor at a general meeting.

- (c) If notice of an intention to move a resolution to remove the Auditor at a general meeting is received by the Company, the Auditor must be given a copy of the notice as soon as practicable.
- (d) The notice of an intention must also inform the Auditor that the Auditor:
 - (i) may submit written representations to the Company within seven days after receiving the notice and that the Auditor may request the Company to send a copy of the written representations to the Members before the resolution is voted upon; and
 - (ii) may speak at the general meeting or request that the written representations be read at the general meeting at which the resolution is to be put to a vote.

29.3 Auditor's attendance at general meetings

The Auditor must be notified of, and may attend, any general meeting. The Auditor is entitled to be heard at any general meeting it attends on any part of the business of the general meeting which concerns the Auditor.

30 Financial records

30.1 Member's access to financial records

The Board or the Company may by ordinary resolution authorise any Member to inspect books of the Company.

30.2 Directors' access to financial records

Any Director may at any time access and inspect any financial record and any other record of the Company.

30.3 Access to financial records after ceasing to be a Director

The Board may determine that any person who is to cease or has ceased to be a Director may continue to have access to and inspect any financial record and any other record of the Company relating to the time during which the person was a Director.

31 Notices

31.1 General

Any notice, statement or other communication under this Constitution must be in writing.

31.2 How to give a communication

In addition to any other way allowed by the Corporations Act, a notice or other communication may be given by being:

- (a) personally delivered;

- (b) left at the person's current address as recorded in the Register of Members;
- (c) sent to the person's address as recorded in the Register of Members by pre-paid ordinary mail or, if the address is outside Australia, by pre-paid airmail;
- (d) sent by fax to the person's current fax number for notices; or
- (e) sent by email to the person's current email address for notices.

31.3 Communications by post

A communication is given if posted:

- (a) within Australia to an Australian address, three Business Days after posting;
- (b) outside Australia to an address outside Australia, ten Business Days after posting.

31.4 Communications by fax

A communication is given if sent by fax, when the sender's fax machine produces a report that the fax was sent in full to the addressee. That report is conclusive evidence that the addressee received the fax in full at the time indicated on that report.

31.5 Communications by email

A communication is given if sent by email, when the information system from which the email was sent produces a confirmation of delivery report which indicates that the email has entered the information system of the recipient, unless the sender receives a delivery failure notification, indicating that the email has not been delivered to the information system of the recipient.

31.6 After hours communications

If a communication is given:

- (a) after 5.00 pm in the place of receipt; or
- (b) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt,

it is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.

32 Indemnity and insurance

32.1 Indemnity

- (a) To the extent permitted by the Corporations Act and subject to the Corporations Act, the Company must indemnify each officer, Director and Secretary or any person who has been an officer, a Director or Secretary of the Company out of the assets of the Company against any liability, loss, damage, cost or expense incurred or to be incurred by the

officer, Director or Secretary in or arising out of the conduct of any activity of the Company or in or arising out of the proper performance of the officer's, Director's or Secretary's duties including any liability, loss, damage, cost, charge and expense incurred by that officer, Director or Secretary in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to be done or alleged to have been done or omitted to be done by the officer, Director or Secretary, in which judgment is given in the officer's, Director's or Secretary's favour or in which the officer, Director or Secretary is acquitted or in connection with any application in relation to any such proceedings in which relief is granted by the court to the officer, Director or Secretary.

- (b) This indemnity is not intended to indemnify any officer, Director or Secretary in respect of any liability in respect of which the Company must not give an indemnity, and should be construed and, if necessary, read down accordingly.

32.2 Documenting indemnity

The Company may enter into an agreement containing an indemnity in favour of any officer, Director or Secretary. The Board will determine the terms of the indemnity contained in the agreement.

32.3 Insurance

- (a) To the extent permitted by the Corporations Act and subject to the Corporations Act, the Company may pay any premium in respect of a contract of insurance between an insurer and a officer, Director or Secretary or any person who has been a officer, Director or Secretary of the Company in respect of the liability suffered or incurred in or arising out of the conduct of any activity of the Company and the proper performance by the officer, Director or Secretary of any duty.
- (b) If the Board determines, the Company may execute a document containing rules under which the Company agrees to pay any premium in relation to such a contract of insurance.

33 Winding up

33.1 Debts and liabilities on winding up

Upon the winding up or dissolution of the Company, if any property remains after satisfaction of all its debts and liabilities, that property shall not be paid to or distributed among the Members but shall be given or transferred to a Control Body for harness racing in Queensland approved by the Minister at or before the time of dissolution, but if no such approval is given, then to an institution having similar objects as the Company as determined by a Judge of the Supreme Court of Queensland.

33.2 Ceasing to be a Control Body

In the event the Company ceases to be a Control Body under the Racing Act, the Board will forthwith call a general meeting of Members to resolve to wind up the Company and will deal with the assets of the Company in accordance with clause 33.1.

33.3 Liability of Members on a winding up

Every Member undertakes to contribute to the assets of the Company to a maximum of the Member's Guarantee Amount in the event of the Company being wound up while that person is a Member or within one year after the person ceases to be a Member, for payment of the debts and liabilities of the Company contracted before the person ceases to be a Member and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves.

34 Accounts and audit

- (a) The Directors shall ensure that the requirements of the Corporations Act as to accounts and audit are complied with by the Company. Notwithstanding the requirements of the Corporations Act, the Directors shall ensure that the Company's financial report for the financial year is audited in accordance with the Corporations Act and that the financial report for the half year is reviewed in accordance with the Corporations Act.
- (b) The Company shall report to Members in such manner as is set out in the appropriate policy adopted by the Company in accordance with the requirements of the Racing Act.

35 Executive officers to be eligible individuals

Any person appointed or employed as an executive officer (as defined in the Racing Act) of the Company must be an eligible individual (as defined in the Racing Act).

Appendix A

Directors Selection Criteria

It is intended that each Director will meet at least two of the following criteria:

- 1 Five or more years experience at a senior level in the field of finance;
- 2 Five or more years experience at a senior level in the field of law;
- 3 Five or more years experience at a senior level in the field of commerce;
- 4 Five or more years experience at a senior level in the racing industry;
- 5 Knowledge of the Harness Racing Code.

Candidates must also be capable of demonstrating that they are an eligible individual within the meaning of the Racing Act.

Appendix B

Ballot Procedure

Part I

Ballot procedure for voting by Class A Members' Representatives and Class B Members (within their member groups) for preferred Director Candidates

- 1 The order of preference of the Director Candidates is to be agreed by the Member Representatives on behalf of the Class A Members and by those Directors who are not Director Candidates not applying for selection under **clause 21** on behalf of the Class B Members, having regard to the Selection Criteria. If the Members of a class cannot reach agreement then the ballot method set out in paragraph 2 will be followed.
- 2 Ballot method:
 - (a) The voting must be conducted by secret ballot. The Company will supply the ballot papers.
 - (b) Each Members' Representative or Director (other than those Directors who are Director Candidates), as applicable, will indicate their preference by marking the squares opposite the names of the Director Candidates with the numbers 1, 2, 3 etc up to the number of Director Candidates appearing on the ballot paper. The highest number is to be allocated to the most preferred Director Candidate. For example, if there were three Director Candidates, they would mark the square opposite the most preferred candidate with the number 3.
 - (c) The Secretary will act as scrutineer to count the ballot papers and declare the order of preference of the Director Candidates.
 - (d) The ballot papers are counted by adding together the numbers allocated to each Director Candidate by each Member Representative or Director (other than those Directors who are Director Candidates), as applicable, to reach a total amount.
 - (e) After all the ballot papers are counted the Secretary will sort the Director Candidates into order of preference according to the total amount allocated to each Director Candidate from highest to lowest. For example, the Director Candidate with the highest total amount allocated will be the most preferred candidate, and the Director Candidate with the second highest total amount will be ranked second, and so on until each Director Candidate has a ranking.
 - (f) If two or more Director Candidates receive the same total amount, then the Secretary will determine the rank for those Director Candidates by drawing lots. For example, if two Director Candidates have the ranking

of "4", after the lot is drawn one Director Candidate would have the ranking of "4" and the other the ranking of "5". The Director Candidates will be allocated the rank from highest to lowest in the order their lot is drawn.

- (g) A ballot paper will be informal if marked other than in accordance with the above method and will not be counted.

Part II

Ballot procedure for voting by Class A Members and Class B Members for Directors

- 1 The Authorised Representative will vote on behalf of the applicable class of Members.
- 2 Ballot method:
 - (a) The voting must be conducted by secret ballot. The Company will supply the ballot papers.
 - (b) Each Authorised Representative will vote on their ballot paper in the order of preference as decided by the class of Members they represent.
 - (c) The Authorised Representative will indicate their preference by marking the squares opposite the names of the Director Candidates with the numbers 1, 2, 3 etc up to the number of Director Candidates appearing on the ballot paper. The highest number is to be allocated to the most preferred Director Candidate. For example, if there were three Director Candidates, they would mark the square opposite the most preferred candidate with the number 3.
 - (d) The Secretary will act as scrutineer to count the ballot papers and declare the result of the vote.
 - (e) The ballot papers are counted by adding together the numbers allocated to each Director Candidate by the Authorised Representatives to reach a total amount.
 - (f) If only one director is required to be elected the Director Candidate with the highest total amount allocated will be elected as Director.
 - (g) If more than one director is required to be elected then the company secretary will sort the Director Candidates into order of preference according to the total amount allocated to each Director Candidates from highest to lowest. For example, the Director Candidate with the highest total amount will be ranked first, and the Director Candidate with the second highest total amount will be ranked second and so on until each Director Candidate has a ranking.
 - (h) Subject to paragraph (i) if two or more Director Candidates receive the same total amount within the rankings relevant to the vacancies to be filled, then the Authorised Representatives of the Class A Members and the Class B Members must be given the opportunity to agree on a

preferred Director Candidate to be elected as Director. If after a reasonable period of time, at the discretion of the Chairman the Authorised Representatives cannot reach agreement then the Secretary by drawing lots (in the presence of the Authorised Representatives) will determine the Director or Directors to be elected. The Director Candidates will be elected in the order their lot is drawn until the vacancies are filled.

- (i) If there are two or more Director Candidates with the same total amount and sufficient vacancies to accommodate them then it is not necessary to follow the process set out in paragraph (h).
- (j) A ballot paper will be informal if marked other than in accordance with the above method and will not be counted.
- (k) A preferred Director Candidate shall be disregarded if the appointment of that person as a Director will not enable the board to satisfy the Selection Criteria following his or her appointment (taking into account the experience of any lower ranked Director Candidates that will also be appointed following the ballot).

**CONSTITUTION OF
RACING QUEENSLAND LIMITED
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INDEX

**CONSTITUTION OF
RACING QUEENSLAND LIMITED**

1.	INTERPRETATION.....	1
2.	LIMITED COMPANY	2
3.	OBJECTS	2
4.	MEMBERSHIP.....	3
5.	ELECTION OF DIRECTORS.....	3
6.	CESSATION OF MEMBERSHIP.....	3
7.	ANNUAL GENERAL MEETING.....	3
8.	GENERAL MEETINGS.....	3
9.	PROCEEDINGS AT GENERAL MEETINGS	3
10.	VOTING.....	4
11.	PROXIES.....	4
12.	APPOINTMENT, REMOVAL & REMUNERATION OF DIRECTORS.....	6
13.	CHAIRMAN	8
14.	DEPUTY CHAIRMAN.....	8
15.	SELECTION OF DIRECTORS.....	8
16.	POWERS AND DUTIES OF THE DIRECTORS	9
17.	PROCEEDINGS OF THE BOARD	9
18.	MEETINGS USING TECHNOLOGY	10
19.	NO ALTERNATE DIRECTORS.....	11
20.	DIRECTORS CONTRACTING WITH THE COMPANY	11
21.	COMPANY SECRETARY	11
22.	ACCOUNTS	12
23.	NOTICES.....	12
24.	WINDING-UP	13
25.	INDEMNITY.....	13
26.	COUNTRY RACING.....	14
	APPENDIX A	16

Corporations Act 2001

A Company Limited by Guarantee and not having a Share Capital

CONSTITUTION OF RACING QUEENSLAND LIMITED

1. INTERPRETATION

1.1 In this Constitution:

Annual General Meeting means the general meeting held each year as required by the *Corporations Act* and this Constitution.

Associations means those established under clause 26.1.

Auditor means the Auditor of the company appointed in accordance with clause 22.

Business Day means a day which is not a Saturday, Sunday or a public holiday in Brisbane.

Chairman means the chairman of the Board of Directors of the Company from time to time.

Company means Racing Queensland Limited.

Company Secretary means the secretary of the Company.

Corporations Act means the *Corporations Act 2001*.

Control Body means a Control Body under the *Racing Act*, or a similar body under any Act passed in substitution of the *Racing Act*.

Country Racing Committee means the committee established under clause 26.1.

Directors or Board of Directors or Board means the Directors of the Company.

Director Candidates means persons named on the Shortlist and to be considered by the Selection Committee in accordance with the provisions of clause 15.

Election Year means the year in which the Initial Term expires and every second year after that in which there is to be an election held under clause 15.1.

Financial Year means the period from the date of establishment of the Company to the following 30 June, and after that, the period 1 July in a calendar year through to 30 June in the next calendar year or such other period of 12 consecutive months determined by the Board.

Founding Directors means the Directors referred to in clause 12.2.

Independent Recruitment Consultant an independent recruitment consultant engaged by the Board of the Company.

Initial Term means the term which:

- (a) commences on the date the Company is approved as the Control Body for thoroughbred, harness and greyhound racing pursuant to section 26 of the *Racing Act*; and



- (b) expires at the conclusion of the Annual General Meeting which next takes place after 30 June 2014.

Member means the persons appointed as Directors of the Company from time to time.

Minister means the Queensland Government Minister with responsibility for the Racing Act.

Notice of Meeting means a notice provided in accordance with clause 23.

Office means the registered office for the time being of the Company.

Racing Act means the *Racing Act 2002* (Queensland).

Selection Committee means the committee formed and convened in accordance with clause 15.

Selection Criteria means the criteria for the selection of Directors set out in Appendix A.

Shortlist means the shortlist of Director Candidates formulated in accordance with clause 15.

State means the State of Queensland.

- 1.2 Unless the contrary intention appears in this Constitution, an expression used in a particular Part or Division of the *Corporations Act* that is given a special meaning for the purposes of that Part or Division has, in this Constitution where it deals with a matter dealt with by that Part or Division, the same meaning as in that Part or Division.
- 1.3 Words importing the singular include the plural (and vice versa) and words denoting a gender include all other genders.
- 1.4 Clause headings are inserted for convenience only and are not to be used in interpreting this Constitution.
- 1.5 Reference to legislation or to a provision of legislation includes any modification or re-enactment or any legislative provision substituted for it, and all regulations and subordinate legislation and statutory instruments issued under such legislation.
- 1.6 A reference to a clause number, unless the context otherwise requires, is a reference to a clause in this Constitution.
- 1.7 To the extent that any provision in this Constitution is inconsistent with any provision in a replaceable rule under the *Corporations Act*, the provision of this Constitution applies and the replaceable rule is deemed to be displaced or modified accordingly.

2. LIMITED COMPANY

- 2.1 The liability of the Members is limited to the payment of the amount prescribed by clause 24.
- 2.2 The name of the Company is Racing Queensland Limited.
- 2.3 The registered office of the Company will be at the place that the Board of Directors determines from time to time, but must always be in the State of Queensland.

3. OBJECTS

- 3.1 In addition to the powers conferred by the *Corporations Act*, the objects of the Company are to exercise the powers and perform the functions of a Control Body.



- 3.2 The income and property of the Company must be applied solely towards the promotion of the objects of the Company as set out in this Constitution and no portion of it can be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit to the Members.
- 3.3 The Company will have regard to the best interests of the thoroughbred, harness and greyhound racing codes as a whole, and the continued existence and welfare of each individual code in exercising its powers and performing the functions of a Control Body.

4. MEMBERSHIP

- 4.1 Members are those persons who are Directors of the Company from time to time.
- 4.2 Immediately upon becoming a Director of the Company, that person becomes a Member of the Company.
- 4.3 Immediately upon ceasing to be a Director of the Company, that person ceases to be a Member of the Company.

5. ELECTION OF DIRECTORS

- 5.1 The election of Directors will be determined in accordance with clause 15.

6. CESSATION OF MEMBERSHIP

- 6.1 A person ceases to be a Member if the person ceases to be a Director of the Company.

7. ANNUAL GENERAL MEETING

- 7.1 Subject to the *Corporations Act* the Annual General Meeting must be held each year no later than five months after the end of the previous financial year.

8. GENERAL MEETINGS

- 8.1 A general meeting may be convened by the Board at any time and must be convened within two calendar months of receiving a requisition in writing from at least 75% of the Members.
- 8.2 At least 28 days written notice of a general meeting must be given to all Members who are entitled to receive such a notice.
- 8.3 A notice of a general meeting must contain all information required by the *Corporations Act*, including:
- (a) the place, the day and the hour of the meeting; and
 - (b) the general nature of the business to be transacted at the meeting.

9. PROCEEDINGS AT GENERAL MEETINGS

- 9.1 No business can be transacted at any Annual General Meeting or general meeting unless a quorum of Members is present in person or by proxy or attorney at the time when the meeting is due to commence.
- 9.2 A quorum is 50 per cent of Members present in person or by proxy or attorney.



- 9.3 Having regard to the provisions of clause 9.1, at a meeting of the Company no motion to remove a Member may be proposed or considered unless a motion to remove that person as a director has been proposed, the motions are dealt with together and insofar as the motion to remove a Director is concerned, the provisions of the Corporations Act and this Constitution are observed.
- 9.4 If a quorum of Members is not present within half an hour after the time appointed for the meeting, the meeting:
- (a) if convened upon the requisition of Members, is dissolved; or
 - (b) in any other case, is adjourned to the same day in the next week at the same time and place, or to such other day, time and place as the Chairman may determine.
- 9.5 If a quorum is not present at the adjourned meeting within half an hour after the time appointed for the meeting, the Members (as applicable) present constitute a quorum.
- 9.6 The Chairman may, with the consent of the Members present at any meeting at which a quorum is present (and must if so directed by those Members), adjourn the meeting from time to time and from place to place. No business can be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 9.7 When a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of an original meeting but it is not otherwise necessary to give notice of an adjournment or the business to be transacted at an adjourned meeting.
- 9.8 In the case of an equality of votes, the Chairman of the meeting has a second or casting vote except:
- (a) on a resolution to amend the Constitution;
 - (b) on the election or removal of Members; and
 - (c) on a resolution to increase the Directors' remuneration.
- 9.9 Unless a poll is demanded, a declaration by the Chairman is conclusive evidence of the result, provided the declaration reflects a show of hands. Neither the Chairman nor the minutes need to state the number or proportion of votes recorded in favour or against.
- 9.10 If a poll is duly demanded it must be taken in such manner and time as the Chairman directs, and the result of the poll is the resolution of the meeting at which the poll was demanded. If a poll is demanded on the election of a Chairman or on a question of adjournment, it must be taken immediately.

10. VOTING

- 10.1 A Member may vote in person or by proxy or attorney.
- 10.2 Each Member has one vote whether on a show of hands or on a poll.

11. PROXIES

- 11.1 A proxy must:
- (a) be in writing under the hand of the Member or of the Member's attorney duly authorised in writing; and
 - (b) contain:



- (i) the Member's name; and
 - (ii) the meetings at which the proxy may be used.
- 11.2 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
- 11.3 An instrument appointing a proxy is taken to confer authority to demand or join in demanding a poll.
- 11.4 An instrument appointing a proxy must be in the following form or in a form that is as similar to the following form as the circumstances allow:

Racing Queensland Limited

I, _____, of _____,
 being a member of the Company, appoint _____ of _____ or,
 in their absence, _____ of _____ as my
 proxy to vote for me on my behalf at the *Annual General Meeting/*general meeting of the
 Company to be held on the _____ day of _____ 20____ and at any adjournment of
 that meeting.

+This form to be used *in favour of/*against the resolution.

Signed this _____ day of _____ 20____

*Strike out whichever is not desired

+To be inserted if desired.

- 11.5 An instrument appointing a proxy is not valid unless:
- (a) the instrument; and
 - (b) the original or a certified copy of the power of attorney or other authority under which the instrument is signed,
 is deposited:
 - (c) not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
 - (d) in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll,
- at:
- (e) the registered office of the Company; or
 - (f) such other place as is specified for that purpose in the notice convening the meeting.
- 11.6 Where the time to lodge under clause 11.5 falls on a day which is not a business day in the place where the registered office of the Company is located, the document must be deposited at same time on the previous business day.
- 11.7 For the purpose of clause 11.5, a document is taken to be "deposited at the registered office of the Company" if a legible, true copy of a document is received on a facsimile machine located at the registered office of the Company or scanned and emailed to the Company Secretary within the time referred to in clause 11.5.



- 11.8 A vote made in accordance with the terms of an instrument of proxy or of a power of attorney is valid despite:
- (a) the previous death or unsoundness of mind of the principal; or
 - (b) the revocation of the instrument (or of the authority under which the instrument was executed) or of the power; or
 - (c) no notice in writing of any of the events referred to in this clause having been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

12. APPOINTMENT, REMOVAL & REMUNERATION OF DIRECTORS

12.1 The Board will consist of seven Directors.

12.2 The Founding Directors will be:

- (a) Robert Geoffrey Bentley;
- (b) Anthony John Hanmer;
- (c) William Patrick Ludwig;
- (d) Wayne Norman Milner;
- (e) Bradley John Ryan;
- (f) Kerry Lee Watson; and
- (g) Robert James Lette,

who will hold office until the Annual General Meeting of the Company following the Initial Term, unless they cease to hold office sooner in accordance with this Constitution or the Corporations Act and who will then retire by rotation in accordance with the following provisions of this clause 12.

12.3 After the Initial Term an election of Directors must take place in every Election Year in accordance with clause 15.

12.4 The Chairman and one Director (other than the Deputy Chairman) must retire at the first Annual General Meeting following the Initial Term.

12.5 The Deputy Chairman and one Director (other than the Directors selected to replace those that retired under clause 12.4) must retire at the third Annual General Meeting following the Initial Term.

12.6 Two Directors (other than those Directors selected to replace those that retired under clauses 12.4 and 12.5) must retire at the fifth Annual General Meeting following the Initial Term.

12.7 One Director (other than those Directors selected to replace those that retired under clauses 12.4, 12.5 and 12.6) must retire at the seventh Annual General Meeting following the Initial Term.

12.8 At the ninth Annual General Meeting following the Initial Term and in each Election Year, two Directors must retire from office by rotation. The Directors to retire by rotation in an Election Year are those who have been longest in office since their election. As between Directors who have been in office for an equal length of time, those to retire, if there is not agreement between them, must be determined by the Chairman.



- 12.9 A retiring Director may act until the conclusion of the Annual General Meeting at which he or she retires.
- 12.10 Each Director retiring from office in accordance with clause 12 is eligible to apply to become a Director under clause 15.
- 12.11 The Company may by ordinary resolution remove any Director before the expiration of his or her period of office. The office of a Director becomes vacant if the Director:
- (a) dies;
 - (b) is convicted of a criminal offence;
 - (c) becomes bankrupt or makes any arrangement or composition with his or her creditors generally;
 - (d) becomes prohibited from being a director of a company by reason of any order made under the *Corporations Act*;
 - (e) ceases to be a Director by operation of any provision of the *Corporations Act*;
 - (f) ceases to be a Member;
 - (g) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the *Corporations Act* relating to mental health;
 - (h) resigns as a Director by notice in writing to the Company;
 - (i) is absent from three consecutive meetings of the Board without having previously obtained leave of the Board;
 - (j) ceases to be an eligible individual under the *Racing Act*; or
 - (k) is guilty of any conduct which in the opinion of the Board is unbecoming of a Director of the Company or is prejudicial to its interests.
- 12.12 For the avoidance of doubt, in circumstances where a vacancy arises due to any of the reasons set out in clause 12.11, the Board may appoint a Director to fill the vacancy. Any Director appointed under this clause 12.12 will hold office until the conclusion of the next Annual General Meeting of the Company after their appointment, but is eligible to apply to be confirmed as a Director by following the process under clause 15.
- 12.13 The Directors are entitled to be remunerated for their services from the date he or she is appointed to the Board. The remuneration accrues from day to day and is to be apportioned accordingly.
- 12.14 The maximum amount of the remuneration of the Chairman, Deputy Chairman and the other Directors will be determined, subject to the *Corporations Act*, by an independent consultant who has expertise in remuneration of public company directors. The amount of remuneration determined by the independent consultant must be approved by the Chief Executive Officer of the Queensland Government Department responsible for racing from time to time. The amounts shall be fixed for each period of two years commencing from the date of commencement of the Initial Term. The Company may not approve remuneration for payment to Directors in excess of that determined by the independent consultant and approved by the Chief Executive Officer of the Queensland Government Department responsible for racing from time to time.
- 12.15 Subject to clause 12.14, the remuneration of each Director will be determined by the Board or any committee of it.

- 12.16 The Directors are also entitled to be paid their reasonable travelling and accommodation and other expenses incurred in consequence of their attendance at Directors' meetings and otherwise in the execution of their duties as Directors.

13. CHAIRMAN

- 13.1 The initial Chairman of the Company will be Robert Geoffrey Bentley, who will hold office until the conclusion of the first Annual General Meeting following the Initial Term.
- 13.2 The Chairman must retire following the first Annual General Meeting held after the Initial Term but may offer himself for re-election as a Director.
- 13.3 Subject to this Constitution and the *Corporations Act*, any Director of the Company may offer himself or herself for election as Chairman.
- 13.4 Following the Initial Term the election of the Chairman will be determined by the Board following each Director selection process in accordance with clause 15.
- 13.5 If the Chairman retires or is removed from office under clause 12.11 a new Chairman will be appointed by a majority decision of the Board.

14. DEPUTY CHAIRMAN

- 14.1 The initial Deputy Chairman of the Company will be Anthony John Hanmer, who will hold office until the conclusion of the third Annual General Meeting following the Initial Term.
- 14.2 The Deputy Chairman must retire following the third Annual General Meeting held after the Initial Term but may offer himself for re-election as a Director.
- 14.3 Subject to this Constitution and the *Corporations Act*, any Director of the Company may offer himself or herself for election as Deputy Chairman.
- 14.4 Following the Initial Term the election of the Deputy Chairman will be determined by the Board following each Director selection process in accordance with clause 15.
- 14.5 If the Deputy Chairman retires or is removed from office under clause 12.11 a new Deputy Chairman will be appointed by a majority decision of the Board.

15. SELECTION OF DIRECTORS

- 15.1 Four months prior to the holding of an Annual General Meeting following the conclusion of the Initial Term a Director selection process must take place in accordance with the provisions of this clause. In every Election Year, a Director selection process must be initiated to enable the election of directors in accordance with the provisions of this clause 15.
- 15.2 Not less than three months prior to the Annual General Meeting in an Election Year, the Board must appoint an Independent Recruitment Consultant to identify, assess and prepare a list of those persons who are or will be, prior to appointment, qualified under the Racing Act to act as a director of a control body, who meet with the requirements of Appendix A and who are best suited to meet the requirements of the Board, to enable the vacancies occurring on the Board in that year to be filled at the close of the next Annual General Meeting.
- 15.3 Not less than two months prior to the Annual General Meeting in an Election Year the Independent Recruitment Consultant must prepare and give to the Company Secretary a list of those applicants who by reason of their qualification against the Selection Criteria and suitability are in the opinion of the Independent Recruitment Consultant appropriate for consideration for appointment to the Board.



- 15.4 Not less than six weeks prior to the Annual General Meeting in an Election Year, a Selection Committee must be convened by the Chairman. The Selection Committee will be comprised of:
- (a) the Chairman or in his absence the Deputy Chairman at that time or if neither is available one other Director chosen by the Board;
 - (b) one person who is a Fellow of the Australian Institute of Company Directors and who is a then sitting director of an ASX Top 200 listed company; and
 - (c) one person appointed by the Director General of the Queensland Government department responsible for racing in Queensland.
- 15.5 The Chairman or the other person from paragraph 15.4(a) must chair the meeting of the Selection Committee.
- 15.6 The Selection Committee may in its discretion interview anyone whose name appears on the list prepared by the Independent Recruitment Consultant. No person is entitled to an interview merely because his or her name appears on the list.
- 15.7 The meeting must first discuss the Shortlist and try to agree who is to be the preferred candidate or candidates to fill the vacancy.
- 15.8 If no agreement is reached on the preferred candidate or candidates after such time as the person chairing the meeting considers reasonable, the Selection Committee must determine by majority vote the person or persons to be selected to fill the vacancies.
- 15.9 The decision of the Selection Committee will effect the election of those Directors from the close of the next Annual General Meeting. At the Annual General Meeting the Chairman shall announce the election of those Directors selected.

16. POWERS AND DUTIES OF THE DIRECTORS

- 16.1 The management of the Company is the responsibility of the Board and the Board may exercise all powers of the Company as are not, by the *Corporations Act* or by this Constitution, required to be exercised by the Company in general meeting.
- 16.2 The Board may make by-laws that are not inconsistent with the Constitution and the *Corporations Act* for the general management and running of the Company.
- 16.3 The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its property or any part of it, and to issue debentures and other securities whether outright or as security for any debt, liability, or obligation of the Company.

17. PROCEEDINGS OF THE BOARD

- 17.1 The Board may meet together for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A Director may at any time, and the Secretary must, on the requisition of a Director, summon a meeting of the Board.
- 17.2
- (a) Where a meeting of Directors is held the Chairman shall chair the meeting provided that if:
 - (i) the Chairman has not been elected; or
 - (ii) the Chairman is not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act,



the Deputy Chairman will act as Chairman of the meeting, unless:

- (iii) the Deputy Chairman has not been elected; or
- (iv) the Deputy Chairman is not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act,

in which case, the Directors present must elect one of them to be the chairman of the meeting.

- 17.3 Subject to this Constitution, questions arising at any meeting of the Board will be decided by a majority of votes, and a determination by a majority of the members of the Board is a determination of the Board.
- 17.4 In case of an equality of votes, the Chairman of the meeting has a second or casting vote.
- 17.5 The quorum necessary for the transaction of the business of the Board is three.
- 17.6 Where a motion is put to the Board to rescind any previous decision of the Board, the decision shall not be passed unless directors support the motion by a 75 per cent majority.
- 17.7 The continuing members of the Board may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below the number fixed by or pursuant to this Constitution as the quorum of the Board, the continuing Directors may act for the purpose of filling a casual vacancy to that number or of summoning a general meeting of the Company, but for no other purpose.
- 17.8 A resolution in writing signed by all Directors in Australia for the time being entitled to receive notice of a meeting of the Board is as valid and effectual as if it had been passed at a meeting of the Board duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Directors.
- 17.9 The Board may delegate any of its powers and/or functions to one or more committees consisting of such of the Directors as the Board thinks fit and the Board may also appoint the chairman of any such committee. Any committee may include a person or persons who are not a Member of the Company.
- 17.10 Each committee must keep proper minutes of its meetings and the provisions regulating proceedings of the Board apply to the proceedings of committees also.
- 17.11 A committee may meet and adjourn as the members of it think proper.
- 17.12 Committees are appointed by the Board only and may only make recommendations to the Board. No decision of a committee is binding on the Company unless it is ratified by the Board.
- 17.13 Every act done by any meeting of the Board or of a committee or by any person acting as a Director is, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or in the formation or constitution of a committee or any of them were disqualified, as valid as if every such person had been duly appointed and was qualified to be a Director or the formation or charter of the committee as the case may be.

18. MEETINGS USING TECHNOLOGY

- 18.1 A Board meeting or meeting of any committee or of Members may be called or held using any technology allowed under the *Corporations Act* and consented to by all the Directors.
- 18.2 The consent referred to in clause 18.1 may be a standing one. A Director or Member may only withdraw his or her consent within a reasonable period before the meeting.



19. NO ALTERNATE DIRECTORS

19.1 No Director may appoint any other person to be an alternate Director of the Company.

20. DIRECTORS CONTRACTING WITH THE COMPANY

20.1 No Director is disqualified by his or her office from contracting with the Company (whether as vendor or purchaser or otherwise). Nor can any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be voided. Nor can any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of the Director holding that office or of the fiduciary relationship. The nature of the Director's interest must be disclosed by the Director at the first meeting of the Board after the events or circumstance giving rise to the conflict occurring and the Secretary must record each declaration in the minutes of the meeting.

20.2 The declaration must be made at a meeting of the Directors at which the contract or arrangement is determined if the Director's interest then exists, or in any other case at the first meeting of the Directors after the acquisition of the Director's interest.

20.3 A general notice that a Director is a member of a specified company or firm and is to be regarded as interested in any subsequent transaction with the company or firm is sufficient disclosure under this clause if:

- (a) the notice states the nature and extent of the interest of the Director in the company or firm; and
- (b) when the question of confirming or entering into the transaction is first taken into consideration the extent of the Director's interest in the company or firm is not greater than is stated in the notice; and
- (c) the notice is given at the meeting of Directors or the Director takes reasonable steps to ensure that it is brought up and read at the next meeting of the Directors after it is given.

20.4 The giving of a declaration or a general notice under this clause does not entitle a Director to be present or to vote at a meeting in relation to a particular contract unless a resolution of the Board under clause 20.5 has first been passed.

20.5 A Director who has a material interest in a matter that is being considered at a Directors' Meeting must not be present at the meeting while the matter is being considered and must not vote on the matter unless clauses 20.2 and 20.3 have been satisfied and the Directors who do not have a material interest in the matter have passed a resolution in accordance with section 195 of the *Corporations Act*.

20.6 Subject to a Director having complied with this clause, the Director may affix and witness the affixing of the Common Seal of the Company to any contract in which he or she is interested.

21. COMPANY SECRETARY

21.1 The Secretary of the Company holds office on the terms decided by the Directors and in accordance with the *Corporations Act*.

21.2 The Secretary must cause minutes to be made and entered of:

- (a) the names of Directors and other persons present at all meetings of the Company and of the Board and of committee of the Board; and



- (b) all proceedings at all meetings of the Company and of the Board or of any committee constituted by the Board.

21.3 The minutes must be signed by the Chairman of the meeting at which the proceedings were held or within 30 days of the date on which the meeting was held.

22. ACCOUNTS

22.1 The Auditor of the Company is appointed by the Company in general meeting and holds office in accordance with the *Corporations Act*.

22.2 The Board must cause:

- (a) proper accounting and other records to be kept;
- (b) copies of yearly financial statements (including every document required by law to be attached to them) accompanied by a copy of any auditor's report to be distributed to Members as required by the *Corporations Act*; and
- (c) a statement of financial position, a statement of financial performance and a statement of cash flow for the preceding financial year of the Company to be prepared to a date not more than twelve months before the date of the meeting and sent to every Member with the notice for each Annual General Meeting.

23. NOTICES

23.1 A Company may give the Notice of Meeting to a Member either by:

- (a) serving it on the Member personally;
- (b) by sending it by post to the Member at the address shown in the register of members or the address supplied by the member for the giving of notices;
- (c) forwarding it by facsimile transmission at the facsimile number shown in the registers of Members (if any) or the facsimile number supplied by the member for the giving of notices;
- (d) forwarding it by electronic mail to the electronic mail address shown in the register of Members (if any) or the electronic mail address supplied by the members for the giving of notices; or
- (e) in any other way allows by the *Corporations Act*.

23.2 A Notice of Meeting sent by post is taken to be given seven days after it is posted.

23.3 A Notice of Meeting sent by facsimile will be deemed to be effected on the date the Company receives a facsimile transmission report confirming receipt of the notice at the facsimile number for the member referred to in clause 23.1.

23.4 Where a notice is forwarded by electronic mail, service will be deemed to be effected on the day of the transmission, so long as the sender of the notice does not receive a delivery failure message.

23.5 Notice of every Meeting must be given in any manner authorised by this Constitution to:

- (a) every Member except those Members who have not supplied to the Company an address for the giving of Notices to them; and
- (b) the auditor or auditors for the time being of the Company.



23.6 No other person is entitled to receive Notices of Meetings.

24. WINDING-UP

- 24.1 Upon the winding up or dissolution of the Company if any property remains after satisfaction of all its debts and liabilities, that property must not be paid to or distributed among the Members of the Company. It must be given or transferred to a Control Body or Bodies for thoroughbred, harness and greyhound racing in Queensland approved by the Minister at or before the time of dissolution, but if no such approval is given then to an institution or institutions having similar objects of the Company as determined by a Judge of the Supreme Court of Queensland.
- 24.2 In the event that the Company ceases to be a Control Body under the *Racing Act*, the Board will call a general meeting of Members to resolve to wind up the Company and will deal with the assets of the Company in accordance with clause 24.1.
- 24.3 Every Member of the Company undertakes to contribute to the assets of the Company to a maximum of \$10 in the event of the Company being wound up while he or she is a Member or within one year after he or she ceases to be a Member, for payment of the debts and liabilities of the Company contracted before he or she ceases to be a Member, and of the costs, charges and expenses of winding up and for the adjustments of the rights of the contributories among themselves.

25. INDEMNITY

- 25.1 Every Director, Secretary and other officer of the Company is indemnified out of the assets of the Company against any liability incurred by the person as officer except where the Company is prohibited from indemnifying the person under the provisions of the *Corporations Act*. The indemnity may extend to a liability for costs and expenses incurred by a person in defending proceedings, whether civil or criminal, irrespective of their outcome.
- 25.2 The Company may pay premiums in respect of contracts insuring persons who are or have been officers or auditors of the Company against liabilities incurred by them as officers or auditors and liability for costs and expenses incurred in defending proceedings (whether criminal or civil) whatever their outcome except in circumstances where the Company is prohibited from doing so under the *Corporations Act*.
- 25.3 A Director, manager, secretary or other officer of the Company is not liable for:
- (a) the act, neglect or default of any other Director or officer;
 - (b) any loss or expenses incurred by the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company;
 - (c) the insufficiency or deficiency of any security in or upon which any of the moneys of the Company are invested;
 - (d) any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects are deposited or left; or
 - (e) for any other loss or damage which happens in the execution of the duties of his office,
- unless the same happens through his or her own negligence, wilful default, breach of duty or breach of trust.

26. COUNTRY RACING

26.1 Country Racing

The Board, at its first meeting, will establish the Country Racing Committee and the Associations for the provision of advice to the Board in relation to country thoroughbred races:

- (a) the Capricornia Country Racing Association;
- (b) the Central West Country Racing Association;
- (c) the Downs Country Racing Association;
- (d) the Eastern Downs Country Racing Association;
- (e) the Far North Country Racing Association;
- (f) the Leichardt Country Racing Association;
- (g) the North West Country Racing Association; and
- (h) the South East Country Racing Association.

26.2 Country Racing Committee

- (a) The Country Racing Committee will be made up of representatives from the Associations.
- (b) The chairman of each Association and a representative from the Company will comprise the Country Racing Committee.
- (c) A member of the Country Racing Committee holds his or her position until removed by the relevant Association which appointed him or her.
- (d) The Company representative on the Country Racing Committee will be the chairman of the Country Racing Committee.
- (e) The Country Racing Committee will meet biannually as a minimum, with these meetings scheduled for November and March. Additional meetings will be on an as needs basis at the discretion of the chairman of the Country Racing Committee.
- (f) The Country Racing Committee will provide advice to the Company about country thoroughbred racing.
- (g) The functions of the Country Racing Committee are to:
 - (i) consider submissions made by Associations about matters including funding, prize money distribution and race date allocations;
 - (ii) give advice to the Company about any submissions received from Associations; and
 - (iii) monitor the performance of country race clubs and advise the Company on such performance.

26.3 Associations

- (a) The function of each Association established under clause 26.1 is to provide advice to the Country Racing Committee about race meetings conducted by country clubs that are members of it.



- (b) The geographical boundaries of each Association are those as at 30 June 2010. These boundaries may be varied from time to time by the Company after consultation with the Country Racing Committee.
- (c) Each registered country race club located within an Association may nominate a representative to the relevant Association.
- (d) The Queensland Branch of the Australian Trainers' Association, the Queensland Jockeys' Association, the Queensland Bookmakers' Association and the Queensland Racehorse Owners' Association may each provide a representative to each Association.
- (e) For the purpose of determining eligibility for nomination as representative to an Association, a nominated person must reside within the respective Association's geographical boundaries.
- (f) The representative nominated by a country race club or one of the associations in clause 26.3 (d) to an Association represents that club or association until removed by the club or association.
- (g) Each Association must meet at least once per calendar year. Additional meetings may be conducted at the discretion of each Association.

26.4 Country Race Dates

- (a) Each year the Company will provide a draft race date schedule to the Country Racing Committee for the purpose of consultation.
- (b) The Company will take into account the results achieved by meetings in preceding racing seasons, with the following criteria to be considered:
 - (i) meetings achieving agreed key performance indicators;
 - (ii) meetings failing to meet agreed benchmarks;
 - (iii) best use of available horse populations;
 - (iv) maximisation of wagering returns for the industry;
 - (v) reduction of regional race date clashes; and
 - (vi) ability to appropriately service meetings (essential race day staff and jockeys).
- (c) Following the consultation process the Company and the Country Racing Committee will review the feedback received and endeavour to reach agreement on the proposed race date schedule.
- (d) Should the Company and the Country Racing Committee be unable to reach agreement on the number of days on which country race meetings are to be held, the number of country race meetings for the year under consideration must be not less than the number of days on which country race meetings were held in the previous racing season.

APPENDIX A

Directors Selection Criteria

Candidates must be capable of demonstrating that they are an eligible individual within the meaning of the Racing Act.

It is a mandatory requirement for any two or more of the following to apply:

1. Five or more years experience as a director or senior manager of a Large Proprietary Company*, a public company or a public sector entity.
2. Five or more years experience in a senior administrative role.
3. Five or more years experience at a senior level in the fields of finance, law, marketing or commerce.
4. Five or more years experience as a non executive director in a Large Proprietary Company* or a public company.
5. Knowledge of the Thoroughbred Racing Code, Harness Racing Code or Greyhound Racing Code.

*A proprietary company is a Large Proprietary Company if it satisfies at least 2 of the following paragraphs:

- (i) The consolidated gross operating revenue for the financial year of the company and the entities it controls (if any) is \$10 million or more;
- (ii) The value of the consolidated gross assets at the end of the financial year of the company and the entities it controls (if any) is \$5 million or more;
- (iii) The company and the entities it controls (if any) have 50 or more employees at the end of each financial year.

Historical Company Extract for RACING QUEENSLAND LIMITED

Extracted from ASIC database on 24/06/2013 at 13:54

This extract contains information derived from the Australian Securities and Investment Commission's (ASIC) database under section 1274A of the Corporations Act 2001. Please advise ASIC of any error or omission which you may identify.

Current Corporation Details		Document Number
Name:	RACING QUEENSLAND LIMITED	026195608
A.C.N.:	142786874	
A.B.N.:	52142786874	
Registered In:	QLD	
Registration Date:	25/03/2010	
Governance Type:	Constitution	
Organisation Number Type:	A.C.N. (Australian Company Number)	
Review Date:	25/03/2014	
Details Start Date:	25/03/2010	
Status:	Registered	
Name Start Date:	25/03/2010	
Type:	Australian Public Company	
Class:	Limited by Guarantee	
Subclass:	Unlisted Public Company - Non Profit Company	
Disclosing Entity:	No	

Current Company Addresses		Document Number
Address Type:	Registered Office	026195608
Address:	RACECOURSE ROAD DEAGON , QLD 4017	
Start Date:	25/03/2010	
Address Type:	Principal Place of Business	026195608
Address:	RACECOURSE ROAD DEAGON , QLD 4017	
Start Date:	25/03/2010	

Current Company Officers		Document Number
Role:	Director	028095069
Name:	STANSFIELD, WARWICK ANTHONY	
Address:	32 GRIFFITH ROAD SCARBOROUGH , QLD 4020	
Birth Details:	31/08/1957 BULLI NSW	
Appointment Date:	01/05/2012	
Role:	Director	028095069
Name:	FALVEY, JOHN PATRICK	
Address:	LOT 3 SWINTON STREET CHANDLER , QLD 4155	
Birth Details:	31/03/1965 BRISBANE QLD	
Appointment Date:	01/05/2012	
Role:	Director	028095069
Name:	HALLAM, GREGORY JOHN CHARLES	
Address:	'LANCASTER TOWER' UNIT 30 27 HARBOUR ROAD HAMILTON , QLD 4007	
Birth Details:	28/07/1959 BRISBANE QLD	
Appointment Date:	01/05/2012	
Role:	Director	028095069
Name:	DIXON, KEVIN JOHN	

Current Company Officers		Document Number
Address:	605 LOWOOD-MINDEN ROAD COOLANA , QLD 4311	
Birth Details:	02/01/1958 SYDNEY NSW	
Appointment Date:	17/04/2012	
Role:	Secretary	1F0391353
Name:	CARTER, ADAM BRET	
Address:	122A QUEENS PARADE BRIGHTON , QLD 4017	
Birth Details:	28/02/1975 HARARE ZIMBABWE	
Appointment Date:	27/03/2012	
Role:	Appointed Auditor	027900210 (FR 2011)
Org Name:	BDO AUSTRALIA LIMITED	
A.C.N.:	050110275	
A.B.N.:	77050110275	
Address:	LEVEL 18 300 QUEEN STREET BRISBANE , QLD 4000	
Appointment Date:	01/07/2010	

Former Company Officers		Document Number
Role:	Former Director	026195608
Name:	RYAN, BRADLEY JOHN	
Address:	29 DERBY STREET HENDRA , QLD 4011	
Birth Details:	26/09/1973 BRISBANE QLD	
Appointment Date:	25/03/2010	
Cease Date:	01/08/2012	
Role:	Former Director	026656630
Name:	MILLNER, WAYNE NORMAN	
Address:	59 BENDENA TERRACE CARINA HEIGHTS , QLD 4152	
Birth Details:	20/02/1953 NEWCASTLE NSW	
Appointment Date:	25/03/2010	
Cease Date:	01/08/2012	
Role:	Former Director	026195608
Name:	BENTLEY, ROBERT GEOFFREY	
Address:	1503 ROSEBANK WAY W HOPE ISLAND , QLD 4212	
Birth Details:	07/05/1943 BRISBANE QLD	
Appointment Date:	25/03/2010	
Cease Date:	01/05/2012	
Role:	Former Director	026195608
Name:	HANMER, ANTHONY JOHN	
Address:	23 BOARDRIDER CRESCENT THE BOARDWALK COOLUM BEACH , QLD 4573	
Birth Details:	21/05/1947 LONDON UNITED KINGDOM	
Appointment Date:	25/03/2010	
Cease Date:	01/05/2012	
Role:	Former Director	026195608
Name:	LUDWIG, WILLIAM PATRICK	
Address:	UNIT 8 9 VINCENT STREET INDOOROOPILLY , QLD 4068	
Birth Details:	25/05/1934 LONGREACH QLD	
Appointment Date:	25/03/2010	
Cease Date:	01/05/2012	
Role:	Former Director	026656629

Former Company Officers		Document Number
Name:	LETTE, ROBERT JAMES	
Address:	160 MT OMMANEY DRIVE JINDALEE , QLD 4074	
Birth Details:	15/07/1943 BRISBANE QLD	
Appointment Date:	25/03/2010	
Cease Date:	29/03/2012	
Role:	Former Director	026195608
Name:	WATSON, KERRY LEE	
Address:	UNIT 5 132 BRYANTS ROAD SHAILER PARK , QLD 4128	
Birth Details:	22/10/1950 BRISBANE QLD	
Appointment Date:	25/03/2010	
Cease Date:	06/12/2010	
Role:	Former Secretary	1F0405415
Name:	REID, SHARA LOUISE	
Address:	23 RIDGEGARDEN DRIVE MORAYFIELD , QLD 4506	
Birth Details:	11/11/1976 DARWIN NT	
Appointment Date:	25/03/2010	
Cease Date:	26/03/2012	

ASIC Satisfied Charges and Related Documents

There are no satisfied charges recorded for this organisation (No charges records are displayed where the extract type is current).

Note: This extract may not contain all charges for organisations registered prior to 1991 and it may be advisable to also search the state or territory records held by A.S.I.C.

Note: In early 2012, the Personal Property Securities Register (PPS Register) will commence (the actual date is the registration commencement time - 'RCT' - under the Personal Property Securities Act 2009). Effective from the RCT, the details of current charges will only be available from the PPS Register and the details of satisfied charges (as at the RCT) can be obtained from ASIC. Further information can be obtained from www.ppsr.gov.au

Financial Reports						Document Number
Balance Date	Report Due Date	AGM Due Date	Extended Due Date	Date Held	Outstanding	
30/06/2011	31/10/2011	Unknown	Unknown	Unknown	N	027900210
30/06/2012	31/10/2012	Unknown	Unknown	Unknown	N	026674455

ASIC Document List

Form Type	Pages	Received	Processed	Effective	Document Number
388	36	31/10/2012	21/11/2012	30/06/2012	026674455
388A Financial Report Financial Report - Public Company Or Disclosing Entity					
484	6	10/08/2012	13/08/2012	13/08/2012	1F0453935
484E Change to Company Details Appointment or Cessation of A Company Officeholder					
484	9	28/05/2012	30/05/2012	28/05/2012	1F0059710
484E Change to Company Details Appointment or Cessation of A Company Officeholder					
484	8	21/05/2012	21/05/2012	21/05/2012	028095069
484E Change to Company Details Appointment or Cessation of A Company Officeholder					

Form Type	Pages	Received	Processed	Effective	Document Number
484	3	04/04/2012	05/04/2012	05/04/2012	027971735
484E Change to Company Details Appointment or Cessation of A Company Officeholder					
484	3	02/04/2012	03/04/2012	03/04/2012	1F0391353
484E Change to Company Details Appointment or Cessation of A Company Officeholder					
484	3	02/04/2012	03/04/2012	03/04/2012	1F0329057
484E Change to Company Details Appointment or Cessation of A Company Officeholder					
388	33	05/12/2011	05/01/2012	30/06/2011	027900210
388 Financial Report					
388E Company - Appoint Change Name/address of Auditor					
388A Financial Report - Public Company or Disclosing Entity					
484	3	22/11/2011	23/11/2011	23/11/2011	1F0405415
484A1 Change to Company Details Change Officeholder Name Or Address					
484	3	07/04/2011	07/04/2011	07/04/2011	1F0365232
484E Change to Company Details Appointment or Cessation of A Company Officeholder					
309	16	12/08/2010	13/08/2010	02/07/2010	027030161
309A Notification of Details of a Charge					
484	2	14/07/2010	23/07/2010	23/07/2010	026656629
484A1 Change to Company Details Change Officeholder Name Or Address					
902	2	14/07/2010	23/07/2010	25/03/2010	026656630
902 Supplementary Document Alters 026 195 608					
218	18	14/07/2010	23/07/2010	14/07/2010	026656628
218 Constitution of Company					
205	3	14/07/2010	23/07/2010	25/06/2010	026656627
205J Notification of Resolution Altering The Constitution					
218	21	25/03/2010	25/03/2010	25/03/2010	026195609
218 Constitution of Company					
201	10	25/03/2010	25/03/2010	25/03/2010	026195608
201B Application For Registration as a Public Company Limited By Guarantee Altered by 026 656 630					

*** End of Report ***

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Historical Company Extract for QUEENSLAND RACING LIMITED

Extracted from ASIC database on 24/06/2013 at 13:55

This extract contains information derived from the Australian Securities and Investment Commission's (ASIC) database under section 1274A of the Corporations Act 2001. Please advise ASIC of any error or omission which you may identify.

Current Corporation Details		Document Number
Name:	QUEENSLAND RACING LIMITED	022352603
A.C.N.:	116735374	
A.B.N.:	93116735374	
Registered In:	QLD	
Registration Date:	18/10/2005	
Governance Type:	Constitution	
Organisation Number Type:	A.C.N. (Australian Company Number)	
Review Date:	18/10/2013	
Details Start Date:	18/10/2005	
Status:	Registered	
Name Start Date:	18/10/2005	
Type:	Australian Public Company	
Class:	Limited by Guarantee	
Subclass:	Unlisted Public Company - Non Profit Company	
Disclosing Entity:	No	

Current Company Addresses		Document Number
Address Type:	Registered Office	022352603
Address:	RACECOURSE ROAD DEAGON , QLD 4017	
Start Date:	18/10/2005	
Address Type:	Principal Place of Business	022352603
Address:	RACECOURSE ROAD DEAGON , QLD 4017	
Start Date:	18/10/2005	

Current Company Officers		Document Number
Role:	Director	028095066
Name:	DIXON, KEVIN JOHN	
Address:	605 LOWOOD-MINDEN ROAD COOLANA , QLD 4311	
Birth Details:	02/01/1958 SYDNEY NSW	
Appointment Date:	17/04/2012	
Role:	Director	1F0444362
Name:	FALVEY, JOHN PATRICK	
Address:	'LOT 3' SWINTON STREET CAPALABA , QLD 4157	
Birth Details:	31/03/1965 BRISBANE QLD	
Appointment Date:	21/09/2012	
Role:	Director	1F0444362
Name:	STANSFIELD, WARWICK ANTHONY	
Address:	32 GRIFFITH ROAD SCARBOROUGH , QLD 4020	
Birth Details:	31/08/1957 BULLI NSW	
Appointment Date:	21/09/2012	
Role:	Secretary	028135489
Name:	CARTER, ADAM BRET	

Current Company Officers		Document Number
Address:	122A QUEENS PARADE BRIGHTON , QLD 4017	
Birth Details:	28/02/1975 HARARE ZIMBABWE	
Appointment Date:	15/06/2012	
Role:	Appointed Auditor	026154074 (FR 2009)
Org Name:	BDO KENDALLS	
Number:	090467673	
Address:	LEVEL 18 300 QUEEN STREET BRISBANE , QLD 4000	
Appointment Date:	07/11/2009	

Former Company Officers		Document Number
Role:	Former Director	1F0289033
Name:	RYAN, BRADLEY JOHN	
Address:	29 DERBY STREET HENDRA , QLD 4011	
Birth Details:	26/09/1973 BRISBANE QLD	
Appointment Date:	21/12/2009	
Cease Date:	01/08/2012	
Role:	Former Director	1F0181682
Name:	MILNER, WAYNE NORMAN	
Address:	59 BENDENA TERRACE CARINA HEIGHTS , QLD 4152	
Birth Details:	20/02/1953 NEWCASTLE NSW	
Appointment Date:	21/12/2009	
Cease Date:	01/08/2012	
Role:	Former Director	022352603
Name:	BENTLEY, ROBERT GEOFFREY	
Address:	1503 ROSEBANK WAY W HOPE ISLAND , QLD 4212	
Birth Details:	07/05/1943 BRISBANE QLD	
Appointment Date:	18/10/2005	
Cease Date:	01/05/2012	
Role:	Former Director	022352603
Name:	LUDWIG, WILLIAM PATRICK	
Address:	UNIT 8 9 VINCENT STREET INDOOROOPILLY , QLD 4068	
Birth Details:	25/05/1934 LONGREACH QLD	
Appointment Date:	18/10/2005	
Cease Date:	01/05/2012	
Role:	Former Director	1F0055127
Name:	HANMER, ANTHONY JOHN	
Address:	23 BOARDRIDER CRESCENT THE BOARDWALK COOLUM BEACH , QLD 4573	
Birth Details:	21/05/1947 LONDON UNITED KINGDOM	
Appointment Date:	18/10/2005	
Cease Date:	01/05/2012	
Role:	Former Director	022352603
Name:	LAMBERT, MICHAEL GEORGE	
Address:	72 SHELLCOVE ROAD NEUTRAL BAY , NSW 2089	
Birth Details:	27/04/1949 SYDNEY NSW	
Appointment Date:	18/10/2005	
Cease Date:	21/12/2009	
Role:	Former Director	019944679

Former Company Officers		Document Number
Name:	ANDREWS, WILLIAM BERNARD	
Address:	30 GOODWOOD STREET HENDRA , QLD 4011	
Birth Details:	28/07/1947 TALLANGATTA VIC	
Appointment Date:	18/10/2005	
Cease Date:	21/12/2009	
Role:	Former Secretary	1F0383583
Name:	REID, SHARA LOUISE	
Address:	23 RIDGEGARDEN DRIVE MORAYFIELD , QLD 4506	
Birth Details:	11/11/1976 DARWIN NT	
Appointment Date:	24/10/2005	
Cease Date:	26/03/2012	
Role:	Former Secretary	022352603
Name:	BENTLEY, ROBERT GEOFFREY	
Address:	1503 ROSEBANK WAY W HOPE ISLAND , QLD 4212	
Birth Details:	07/05/1943 BRISBANE QLD	
Appointment Date:	18/10/2005	
Cease Date:	24/10/2005	
Role:	Former Appointed Auditor	024321027 (FR 2007)
Org Name:	BDO KENDALLS	
Number:	090467673	
Address:	LEVEL 18 300 QUEEN STREET BRISBANE , QLD 4001	
Appointment Date:	02/11/2007	
Cease Date:	08/09/2009	

ASIC Satisfied Charges and Related Documents

There are no satisfied charges recorded for this organisation (No charges records are displayed where the extract type is current).

Note: This extract may not contain all charges for organisations registered prior to 1991 and it may be advisable to also search the state or territory records held by A.S.I.C.

Note: In early 2012, the Personal Property Securities Register (PPS Register) will commence (the actual date is the registration commencement time - 'RCT' - under the Personal Property Securities Act 2009). Effective from the RCT, the details of current charges will only be available from the PPS Register and the details of satisfied charges (as at the RCT) can be obtained from ASIC. Further information can be obtained from www.ppsr.gov.au

Financial Reports						Document Number
Balance Date	Report Due Date	AGM Due Date	Extended Due Date	Date Held	Outstanding	
30/06/2007	31/10/2007	Unknown	Unknown	Unknown	N	024321027
30/06/2008	31/10/2008	Unknown	Unknown	Unknown	N	025247731
30/06/2009	31/10/2009	Unknown	Unknown	Unknown	N	026154074
30/06/2010	31/10/2010	Unknown	Unknown	Unknown	N	026465786

ASIC Document List

Form Type	Pages	Received	Processed	Effective	Document Number
484	6	01/10/2012	02/10/2012	01/10/2012	1F0444362
484E Change to Company Details Appointment or Cessation of A Company Officeholder					

Form Type	Pages	Received	Processed	Effective	Document Number
106	2	30/08/2012	07/09/2012	30/08/2012	028112880
106 Notice of Cancellation or Revocation of a Lodged Document Cancels 1F0 059 708					
106	2	30/08/2012	07/09/2012	30/08/2012	028112879
106 Notice of Cancellation or Revocation of a Lodged Document Cancels 1F0 059 709					
484	6	10/08/2012	13/08/2012	13/08/2012	1F0453937
484E Change to Company Details Appointment or Cessation of A Company Officeholder					
484	2	28/06/2012	29/06/2012	29/06/2012	028135489
484E Change to Company Details Appointment or Cessation of A Company Officeholder					
484	9	21/06/2012	22/06/2012	22/06/2012	1F0453199
484E Change to Company Details Appointment or Cessation of A Company Officeholder					
484	0	28/05/2012	30/05/2012	28/05/2012	1F0059709
484E Change to Company Details Appointment or Cessation of A Company Officeholder Cancelled by 028 112 879					
484	0	28/05/2012	30/05/2012	28/05/2012	1F0059708
484E Change to Company Details Appointment or Cessation of A Company Officeholder Cancelled by 028 112 880					
484	2	21/05/2012	23/05/2012	21/05/2012	028095066
484E Change to Company Details Appointment or Cessation of A Company Officeholder					
484	3	04/04/2012	05/04/2012	04/04/2012	028042301
484E Change to Company Details Appointment or Cessation of A Company Officeholder					
484	3	22/11/2011	23/11/2011	23/11/2011	1F0383583
484A1 Change to Company Details Change Officeholder Name Or Address					
388	70	29/09/2011	30/09/2011	30/06/2010	026465786
388L Financial Report Financial Report - Pub Co Ltd By Guarantee Qual Under Tier 2					
484	3	20/01/2010	20/01/2010	20/01/2010	1F0181682
484A1 Change to Company Details Change Officeholder Name Or Address					
484	5	04/01/2010	04/01/2010	04/01/2010	1F0289033
484E Change to Company Details Appointment or Cessation of A Company Officeholder					
484	3	09/11/2009	09/11/2009	09/11/2009	1F0283058
484A1 Change to Company Details Change Officeholder Name Or Address					
902	2	09/11/2009	11/11/2009	18/10/2005	019944679
902 Supplementary Document Alters 022 352 603					
309	16	02/11/2009	05/11/2009	19/10/2009	026100443
309A Notification of Details of a Charge					
388	41	27/10/2009	11/11/2009	30/06/2009	026154074
388 Financial Report					
388E Company - Appoint Change Name/address of Auditor					
388A Financial Report - Public Company or Disclosing Entity					
315	1	18/09/2009	25/09/2009	08/09/2009	025826793
315A Notice of Resignation or Removal of Auditor Resignation Of Auditor					
388	35	04/02/2009	20/02/2009	30/06/2008	025247731
388A Financial Report Financial Report - Public Company Or Disclosing Entity					

Form Type	Pages	Received	Processed	Effective	Document Number
484	3	08/12/2008	08/12/2008	08/12/2008	1F0191024
484A1 Change to Company Details Change Officeholder Name Or Address					
367	1	03/07/2008	03/07/2008	03/07/2008	023093536
367 Declaration Re Section 195(1)					
484	2	06/12/2007	14/12/2007	06/12/2007	024387036
484A1 Change to Company Details Change Officeholder Name Or Address					
388	48	07/11/2007	19/11/2007	30/06/2007	024321027
388 Financial Report					
388E Company - Appoint Change Name/address of Auditor					
388A Financial Report - Public Company or Disclosing Entity					
484	2	19/10/2006	20/10/2006	20/10/2006	023287526
484A1 Change to Company Details Change Officeholder Name Or Address					
484	3	10/05/2006	12/05/2006	12/05/2006	021555649
484A1 Change to Company Details Change Officeholder Name Or Address					
218	26	10/05/2006	03/06/2006	10/05/2006	022984019
218 Constitution of Company					
205	7	10/05/2006	03/06/2006	26/04/2006	022984018
205J Notification of Resolution Altering The Constitution					
484	3	24/04/2006	26/04/2006	26/04/2006	1F0055127
484A1 Change to Company Details Change Officeholder Name Or Address					
484	4	04/11/2005	15/11/2005	15/11/2005	022465950
484E Change to Company Details Appointment or Cessation of A Company Officeholder					
218	19	18/10/2005	18/10/2005	18/10/2005	022352607
218 Constitution of Company					
201	8	18/10/2005	18/10/2005	18/10/2005	022352603
201B Application For Registration as a Public Company Limited By Guarantee Altered by 019 944 679					

*** End of Report ***

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Historical Company Extract for QUEENSLAND HARNESS RACING LIMITED

Extracted from ASIC database on 24/06/2013 at 13:56

This extract contains information derived from the Australian Securities and Investment Commission's (ASIC) database under section 1274A of the Corporations Act 2001. Please advise ASIC of any error or omission which you may identify.

Current Corporation Details		Document Number
Name:	QUEENSLAND HARNESS RACING LIMITED	023081209
A.C.N.:	128036000	
A.B.N.:	97128036000	
Registered In:	QLD	
Registration Date:	17/10/2007	
Governance Type:	Constitution	
Organisation Number Type:	A.C.N. (Australian Company Number)	
Review Date:	17/10/2013	
Details Start Date:	17/10/2007	
Status:	Registered	
Name Start Date:	17/10/2007	
Type:	Australian Public Company	
Class:	Limited by Guarantee	
Subclass:	Unlisted Public Company - Non Profit Company	
Disclosing Entity:	No	

Current Company Addresses		Document Number
Address Type:	Registered Office	1F0328983
Address:	SEYMOUR DEVELOPMENTS LEVEL 20 260 QUEEN STREET BRISBANE , QLD 4000	
Start Date:	30/12/2010	
Address Type:	Principal Place of Business	1F0328983
Address:	LEVEL 20 260 QUEEN STREET BRISBANE , QLD 4000	
Start Date:	23/12/2010	

Former Company Addresses		Document Number
Address Type:	Former Registered Office	023081209
Address:	QUEENSLAND HARNESS RACING LIMITED 3 AMY STREET ALBION , QLD 4010	
Start Date:	17/10/2007	
End Date:	29/12/2010	
Address Type:	Former Principal Place of Business	023081209
Address:	QUEENSLAND HARNESS RACING LIMITED 3 AMY STREET ALBION , QLD 4010	
Start Date:	17/10/2007	
End Date:	22/12/2010	

Current Company Officers		Document Number
Role:	Director	023081209
Name:	SEYMOUR, KEVIN WILL	

Current Company Officers		Document Number
Address:	'ORIANA' UNIT 604 45C NEWSTEAD TERRACE NEWSTEAD , QLD 4006	
Birth Details:	04/07/1940 SYDNEY NSW	
Appointment Date:	17/10/2007	
Role:	Director	027362429
Name:	DAWSON, JANICE GAIL	
Address:	665 MAINS ROAD MACGREGOR , QLD 4109	
Birth Details:	16/12/1942 LILYDALE VIC	
Appointment Date:	17/10/2007	
Role:	Director	1F0328983
Name:	REYNOLDS, MARGARET ANN	
Address:	71 JINDABYNE CIRCUIT FOREST LAKE , QLD 4078	
Birth Details:	13/06/1942 BRISBANE QLD	
Appointment Date:	23/12/2010	
Role:	Secretary	027362429
Name:	DAWSON, JANICE GAIL	
Address:	665 MAINS ROAD MACGREGOR , QLD 4109	
Birth Details:	16/12/1942 LILYDALE VIC	
Appointment Date:	05/11/2010	
Role:	Appointed Auditor	024256501 (FR 2009)
Org Name:	BDO	
Number:	095924191	
Address:	LEVEL 18 300 QUEEN STREET BRISBANE , QLD 4000	
Appointment Date:	24/07/2008	

Former Company Officers		Document Number
Role:	Former Director	023081209
Name:	LETTE, ROBERT JAMES	
Address:	4 SULO COURT MUDJIMBA , QLD 4564	
Birth Details:	15/07/1943 BRISBANE QLD	
Appointment Date:	17/10/2007	
Cease Date:	23/12/2010	
Role:	Former Director	023081209
Name:	KNUDSEN, DAVID RONALD	
Address:	15 RESOLUTE COURT SCARBOROUGH , QLD 4020	
Birth Details:	24/04/1940 WONDAI QLD	
Appointment Date:	17/10/2007	
Cease Date:	23/08/2010	
Role:	Former Secretary	023081209
Name:	HARRIS, TRACEY LEE	
Address:	33 HAWDON STREET WILSTON , QLD 4051	
Birth Details:	03/04/1965 TOWNSVILLE QLD	
Appointment Date:	17/10/2007	
Cease Date:	05/11/2010	

There are no satisfied charges recorded for this organisation (No charges records are displayed where the extract type is current).

Note: This extract may not contain all charges for organisations registered prior to 1991 and it may be advisable to also search the state or territory records held by A.S.I.C.

Note: In early 2012, the Personal Property Securities Register (PPS Register) will commence (the actual date is the registration commencement time - 'RCT' - under the Personal Property Securities Act 2009). Effective from the RCT, the details of current charges will only be available from the PPS Register and the details of satisfied charges (as at the RCT) can be obtained from ASIC. Further information can be obtained from www.ppsr.gov.au

Financial Reports						Document Number
Balance Date	Report Due Date	AGM Due Date	Extended Due Date	Date Held	Outstanding	
30/06/2009	31/10/2009	Unknown	Unknown	Unknown	N	024256501
30/06/2010	31/10/2010	30/11/2010	14/01/2011	Unknown	Y	

ASIC Document List					
Form Type	Pages	Received	Processed	Effective	Document Number
205	3	07/01/2011	18/01/2011	30/11/2010	027408445
	205J Notification of Resolution Altering The Constitution				
484	4	23/12/2010	15/02/2011	23/12/2010	1F0328983
	484 Change to Company Details				
	484B Change of Registered Address				
	484C Change of Principal Place of Business (Address)				
	484E Appointment or Cessation of a Company Officeholder				
2501	1	29/11/2010	01/12/2010	29/11/2010	027310490
	2501 Appln For Extension to Hold Annual General Meeting				
484	5	15/11/2010	17/12/2010	15/11/2010	027362429
	484 Change to Company Details				
	484A1 Change Officeholder Name or Address				
	484E Appointment or Cessation of a Company Officeholder				
388	38	04/01/2010	27/01/2010	30/06/2009	024256501
	388 Financial Report				
	388E Company - Appoint Change Name/address of Auditor				
	388A Financial Report - Public Company or Disclosing Entity				
218	48	28/04/2008	29/04/2008	28/04/2008	024680272
	218 Constitution of Company				
205	1	28/04/2008	29/04/2008	28/04/2008	024680273
	205J Notification of Resolution Altering The Constitution				
218	30	17/10/2007	17/10/2007	17/10/2007	023081210
	218 Constitution of Company				
201	11	17/10/2007	17/10/2007	17/10/2007	023081209
	201B Application For Registration as a Public Company Limited By Guarantee				

*** End of Report ***

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Historical Company Extract for GREYHOUNDS QUEENSLAND LTD

Extracted from ASIC database on 24/06/2013 at 13:56

This extract contains information derived from the Australian Securities and Investment Commission's (ASIC) database under section 1274A of the Corporations Act 2001. Please advise ASIC of any error or omission which you may identify.

Current Corporation Details		Document Number
Name:	GREYHOUNDS QUEENSLAND LTD	023081240
A.C.N.:	128067247	
A.B.N.:	87128067247	
Registered In:	QLD	
Registration Date:	18/10/2007	
Governance Type:	Constitution	
Organisation Number Type:	A.C.N. (Australian Company Number)	
Review Date:	18/10/2013	
Details Start Date:	18/10/2007	
Status:	Registered	
Name Start Date:	18/10/2007	
Type:	Australian Public Company	
Class:	Limited by Guarantee	
Subclass:	Unlisted Public Company - Non Profit Company	
Disclosing Entity:	No	

Current Company Addresses		Document Number
Address Type:	Registered Office	1F0228051
Address:	'ALBION PARK RACEWAY' AMY STREET ALBION , QLD 4010	
Start Date:	06/11/2008	
Address Type:	Principal Place of Business	1F0228051
Address:	'ALBION PARK RACEWAY' AMY STREET ALBION , QLD 4010	
Start Date:	28/10/2008	

Former Company Addresses		Document Number
Address Type:	Former Registered Office	023081240
Address:	GREYHOUND RACING AUTHORITY 'ALBION PARK RACEWAY' AMY STREET ALBION , QLD 4010	
Start Date:	18/10/2007	
End Date:	05/11/2008	
Address Type:	Former Principal Place of Business	023081240
Address:	GREYHOUND RACING AUTHORITY 'ALBION PARK RACEWAY' AMY STREET ALBION , QLD 4010	
Start Date:	18/10/2007	
End Date:	27/10/2008	

Current Company Officers		Document Number
Role:	Director	023081240

Current Company Officers		Document Number
Name:	WATSON, KERRY LEE	
Address:	UNIT 5 132 BRYANTS ROAD SHAILER PARK , QLD 4128	
Birth Details:	22/10/1950 BRISBANE QLD	
Appointment Date:	18/10/2007	
Role:	Director	023081240
Name:	WILLIAMS, CHRISTOPHER JOHN	
Address:	16 KENSINGTON DRIVE FLINDERS VIEW , QLD 4305	
Birth Details:	17/10/1946 YORKSHIRE UNITED KINGDOM	
Appointment Date:	18/10/2007	
Role:	Director	1F0178688
Name:	STITT, DAVID ANTHONY	
Address:	22 EAGLE STREET ALDERLEY , QLD 4051	
Birth Details:	14/03/1959 BRISBANE QLD	
Appointment Date:	29/05/2008	
Role:	Director	1F0043499
Name:	TURNER, JEREMY PAUL	
Address:	23 BRAE STREET COORPAROO , QLD 4151	
Birth Details:	19/05/1962 CANBERRA ACT	
Appointment Date:	24/11/2009	
Role:	Secretary	1F0178688
Name:	BEAVIS, DARREN MICHAEL	
Address:	8 MAGNOLIA PLACE CARSELDINE , QLD 4034	
Birth Details:	10/01/1974 BRISBANE QLD	
Appointment Date:	18/10/2007	
Role:	Appointed Auditor	026130100 (FR 2009)
Org Name:	BENTLEYS MRI	
Number:	083309746	
Address:	'AMP PLACE' LEVEL 26 10 EAGLE STREET BRISBANE , QLD 4000	
Appointment Date:	12/11/2008	

Former Company Officers		Document Number
Role:	Former Director	1F0202329
Name:	FELGATE, PAUL DOUGLAS	
Address:	86 BUROWS ROAD ALBERTON , QLD 4207	
Birth Details:	12/07/1958 BRISBANE QLD	
Appointment Date:	12/11/2008	
Cease Date:	24/11/2009	
Role:	Former Director	024455528
Name:	BENNETT, PHILLIP CHRISTOPHER	
Address:	9 BORS STREET CARINDALE , QLD 4152	
Birth Details:	13/12/1954 ROCKHAMPTON QLD	
Appointment Date:	12/12/2007	
Cease Date:	01/07/2008	
Role:	Former Director	023081240
Name:	BEAVIS, DARREN MICHAEL	
Address:	49 SINTARA CRESCENT MCDOWALL , QLD 4053	
Birth Details:	10/01/1974 BRISBANE QLD	

Former Company Officers		Document Number
Appointment Date:	18/10/2007	
Cease Date:	29/05/2008	

ASIC Satisfied Charges and Related Documents

There are no satisfied charges recorded for this organisation (No charges records are displayed where the extract type is current).

Note: This extract may not contain all charges for organisations registered prior to 1991 and it may be advisable to also search the state or territory records held by A.S.I.C.

Note: In early 2012, the Personal Property Securities Register (PPS Register) will commence (the actual date is the registration commencement time - 'RCT' - under the Personal Property Securities Act 2009). Effective from the RCT, the details of current charges will only be available from the PPS Register and the details of satisfied charges (as at the RCT) can be obtained from ASIC. Further information can be obtained from www.ppsr.gov.au

Financial Reports						Document Number
Balance Date	Report Due Date	AGM Due Date	Extended Due Date	Date Held	Outstanding	
30/06/2008	31/10/2008	Unknown	Unknown	Unknown	N	025237452
30/06/2009	31/10/2009	Unknown	Unknown	Unknown	N	026130100
30/06/2010	31/10/2010	Unknown	Unknown	Unknown	N	027343056

ASIC Document List

Form Type	Pages	Received	Processed	Effective	Document Number
388	33	02/12/2010	13/12/2010	30/06/2010	027343056
388J Financial Report Financial Report - Small Pty Co./small Pub Co. Lmgt That Is Requested By ASIC to Prepare & Lodge Statements And Reports					
106	2	04/02/2010	15/02/2010	04/02/2010	026241012
106 Notice of Cancellation or Revocation of a Lodged Document Cancels 1F0 286 410					
484	6	06/01/2010	06/01/2010	06/01/2010	1F0043499
484E Change to Company Details Appointment or Cessation of A Company Officeholder					
484	0	27/11/2009	27/11/2009	27/11/2009	1F0286410
484E Change to Company Details Appointment or Cessation of A Company Officeholder Cancelled by 026 241 012					
388	29	30/10/2009	24/11/2009	30/06/2009	026130100
388A Financial Report Financial Report - Public Company Or Disclosing Entity					
388	30	20/11/2008	20/11/2008	30/06/2008	025237452
388 Financial Report					
388E Company - Appoint Change Name/address of Auditor					
388J Financial Report - Small Pty Co./small Pub Co. Lmgt That Is Requested By ASIC to Prepare & Lodge Statements And Reports					
484	2	20/11/2008	20/11/2008	20/11/2008	1F0202329
484E Change to Company Details Appointment or Cessation of A Company Officeholder					
484	2	30/10/2008	31/10/2008	31/10/2008	1F0228051
484 Change to Company Details					

Form Type	Pages	Received	Processed	Effective	Document Number
	484B Change of Registered Address				
	484C Change of Principal Place of Business (Address)				
484	3	28/07/2008	29/07/2008	29/07/2008	1F0205656
	484E Change to Company Details Appointment or Cessation of A Company Officeholder				
205	4	14/07/2008	08/08/2008	01/05/2008	024970097
	205J Notification of Resolution Altering The Constitution				
218	38	14/07/2008	08/08/2008	14/07/2008	024952181
	218 Constitution of Company				
484	3	06/06/2008	06/06/2008	06/06/2008	1F0178688
	484 Change to Company Details				
	484A1 Change Officeholder Name or Address				
	484E Appointment or Cessation of a Company Officeholder				
484	3	10/01/2008	11/01/2008	11/01/2008	024455528
	484E Change to Company Details Appointment or Cessation of A Company Officeholder				
201	11	18/10/2007	18/10/2007	18/10/2007	023081240
	201B Application For Registration as a Public Company Limited By Guarantee				

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GENERAL POLICY	1
Policy	1
Overview	1
PERMITTED EXPENSES	3
Overview	3
Grant Expenditure	3
Personal/Private Expenses	3
PURCHASING	4
Overview	4
General Principles	4
Procurement Process	5
Purchase Orders	7
Special Conditions	8
Consultancies	8
Contract and Professional Services	9
Grants/Loans/Advances to Racing Clubs	10
Preferred Suppliers	10
Purchase of Computer Software	10
CREDIT FACILITIES	11
Overview	11
Corporate Credit Cards	11
Fuel Cards	12
Taxi Vouchers	13
Toll Cards	13
EXPENDITURE AUTHORISATION	14
Overview	14
Financial Delegations	14
Approving Expenditure	15
TRADE CREDITORS	17
Overview	17
Payment of Accounts	17
Special Conditions	17

EXPENSES

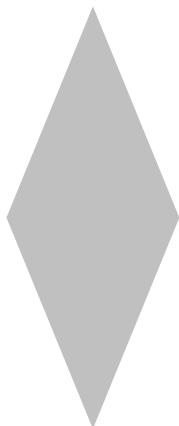
Contents

MISCELLANEOUS PAYMENTS	19
Overview	19
Petty Cash	19
Entertainment Expenses	20
EMPLOYEE EXPENSES	22
Overview	22
General Policy	22
Entitlement	23
Travelling Expenses	23
Domestic Travel Expenses	23
Overseas Travelling Expenses	25
Travel Bookings	27
Class of Travel	27
Extension of Travel for Personal Purposes	27
Associates Travelling Expenses	27
Airline Incentive Schemes	Error! Bookmark not defined.
Motor Vehicle Allowances	28
Private Telephone Reimbursements	28
FUNDING PROVIDED	30
Overview	30
Payment	30
HUMAN RESOURCE COSTS	31
Payroll	31
Staff-Related Expenditure	31
SPECIAL PAYMENTS	33
PAYMENTS	34
Payment Methods	34
Cheques	34
Overview	34
System Cheques	35
Manual Cheques	35
Opening and Encashment of Cheques	35
Cancellation of Cheques	36
Replacement Cheques	36
Credit Cards	36

Electronic Funds Transfer	37
DEPRECIATION AND AMORTISATION	38
Overview	38
Depreciation	38
Amortisation	38
INTEREST ON BORROWINGS	39
Overview	39
Interest	39
SECURITY AND CONTROL	40
Overview	40
General Policies	40
Accounting Records	40
Cheques	41
System Security	41

General Policy

POLICY



Expenses of the company are to be promptly identified, calculated and recorded in a way that allows reporting objectives and accountability requirements to be met.

The approval and control systems for expenses are to ensure that expenses are incurred only for authorised, official and permitted purposes, i.e. expenses that are incurred in the course of official business for the benefit of the Company; promote the goals and strategies identified in the Company's strategic plan; are necessary to ensure effective operations; and are broadly reflected in the annual operating budget.

All expenses are to be publicly defensible.

The organisation's taxation expenses are to be properly calculated and discharged.

OVERVIEW

In strict accounting terms, expenses are defined as consumption or losses of future economic benefits in the form of reduction in assets or increases in liabilities of the Company that result in a decrease in equity during the reporting period.

Stated more simply, expenses are outflows, consumption and liabilities incurred as a result of purchasing goods and services, providing goods and services or carrying out other activities that constitute the major operations of the Company.

Categories of expenses that are incurred are:

- **Trade creditors.** Includes all creditors from whom goods and services are purchased, hired or leased.
- **Miscellaneous payments.** Includes all sundry payments such as petty cash, personal reimbursements and so on.
- **Funding provided to other individuals or organisations.** Includes all payments made by a The Company to an organisation or individual for a specified purpose, where the recipient's expenditure of the funds is constrained by conditions imposed by the Company.
- **Employee expenses.** Includes all employee expense entitlements prescribed in the Agreements/Awards and conditions of employment for staff (e.g. travel expenses) and other human resource costs such as training.
- **Taxation.** Includes all taxes payable by the Company.

General Policy

- **Salaries, wages and associated expenses.** Includes all salaries, wages, leave loading, terminations, cash equivalents and other payroll expenses payable to employees of the Company. See 'Employee Entitlements', in this manual.
- **Liabilities incurred.** Includes all accrued expenses such as accrued salaries, wages and rent (see 'Accrued Expenses', in this manual) and outstanding payments to creditors (see 'Liabilities: General Policy').
- **Consumption of assets.** Includes depreciation (see 'Non-Current Physical Assets', in this manual), amortisation ('depreciation' of intangible assets) and doubtful debts (see 'Debtors').
- **Financial costs.** Includes discounts allowed and bank charges.

Expenses are to be recognised in the books and accounts in the financial year when they are incurred or when the consumption or loss of service potential or future economic benefits can otherwise be measured reliably, i.e:

- Where service potential or future economic benefits are consumed simultaneously with acquisition, expenses will be recognised in the reporting period in which acquisition occurs (e.g. salaries, wages, electricity costs and telecommunication expenses).
- When expenses result from the same transactions from which revenue is earned (e.g. cost of goods sold), expenses are to be recognised on the basis of that association.
- Where service potential or future economic benefits are expected to be consumed over a number of reporting periods, expenses are to be systematically allocated to those periods (e.g. depreciation).

Permitted Expenses

Permitted Expenses

OVERVIEW

Permitted expenses are those types of expenses that are allowed to be incurred in accordance with the relevant legislation, The Company policy and any other legislative guidelines, legal agreements or ethical constraints.

Generally, expenses incurred in the course of official business that are for the benefit of the Company, promote the goals and strategies identified in the strategic plan and are necessary to ensure effective operations are considered to be permitted expenses.

All officers with delegated financial authority to approve expenses on behalf of the Company are to ensure that only permitted expenses are approved for payment.

GRANT EXPENDITURE

Grant agreement. Where grant funds are being expended, and having regard to the The Company's own permitted expenses policy, the expenses must reflect the purpose for which the grant was made to the The Company and be in accordance with any constraints prescribed in the grant agreement between the grantor and the The Company. See also 'Grants', in this manual.

PERSONAL/PRIVATE EXPENSES

Examples. Examples of expenses that are generally considered non-official and therefore may not be permitted as the Company expenditure include:

- Non-official entertainment and travel costs (e.g. mini-bar, video hire costs)
- Tips or gratuities (unless the officer is travelling in an official capacity in a country where this is the custom)
- Personal grooming expenses
- Fines for parking and traffic offences occurring while attending to official business
- Costs for private use of official telephones
- Cost of gifts of an essentially private nature (e.g. payments to staff as rewards or presents).

Nature of expenses unclear. In circumstances where the nature of expenses incurred is unclear, the CEO is to be approached for determination.

Purchasing

OVERVIEW

This purchasing policy is developed to ensure control with regard to expenditure on goods and services, including quality assurance aspects.

Generally, purchasing goods and services on behalf of a Company will occur through one of the following methods:

- Credit facility purchase (see 'Credit Facilities', in this manual)
- Petty cash purchase (see 'Miscellaneous Payments')
- Ongoing account facilities with a particular supplier, e.g. purchase of stationery or other consumables (see 'Acquisition of Services' and 'Recurring Payments')
- Purchase order.

All purchasing transactions are to be approved by an officer with appropriate procurement delegations. This officer is responsible for ensuring that the purchasing policies of the Company have been adhered to.

It is important to distinguish between procurement and financial delegations. Accredited purchasing officers are responsible for the application of appropriate procurement processes in determining the supplier of goods and services. Financial delegates are responsible for approving the commitment of funds and the contract between the supplier and the Company that is signified by a purchase order. To reduce the possibility of fraud, and to detect errors, the functions of the 'procurement officer' and 'financial delegate' are to be performed by separate officers.

GENERAL PRINCIPLES

Procurement Plan. All procurement policies, procedures and delegations must be incorporated in a Procurement Plan of the Company. This allows staff to be aware of the general underlying principles and specific policies established by company based on those principles.

The plan should include, but not be limited to, the following:

- Procurement objectives of the Company
- Procurement transaction threshold limits
- Risk management and assessment framework
- Standing offer agreements
- Approved credit facilities and associated policies
- Procurement delegations.

Purchasing

Open and effective competition. The principle of open and effective competition has the following aims:

- To instil confidence in the Company's Board regarding the probity and cost-effectiveness of procurement
- To maximise the prospect of obtaining the most cost-effective outcome when procuring goods and services
- To ensure that suppliers wishing to do business with the Company are given the opportunity to do so.

To ensure that open and effective competition is achieved, the Company must ensure that its procurement processes are visible to all interested and affected parties, suppliers have a real opportunity to do business with the Company, and arrangements for inviting suppliers encourage competitive bidding and ensure value for money offers.

Value for money. The principle of value for money aims to ensure that purchased goods or services represent the best return and performance for the money spent from 'total costs of ownership' or 'whole-of-life costs' perspective. The result of using this evaluation methodology to assess value for money is that the lowest price may not necessarily be favoured.

Ethical behaviour and fair dealing. The principle of ethical behaviour and fair dealing aims to ensure that, in their dealings with suppliers and their representatives, officers with procurement responsibilities:

- Behave with impartiality, fairness, independence, openness, integrity and professionalism
- Advance the interests of the Company in all procurement transactions
- Attain a high level of credibility.

Ethical behaviour and fair dealing is achieved by officers performing their procurement duties impartially, uninfluenced by threats, reprimands or rewards, by:

- Not seeking or accepting gifts or other favours
- Not entertaining approaches from suppliers that might be interpreted as attempts to influence the evaluation process
- Ensuring that their private interests do not conflict with their official duties
- Maintaining confidentiality in all dealings.

See also 'Conflicts of Interest', in this manual.

Environmental protection. The principle of environmental protection aims to promote purchasing practices that conserve resources, save energy, minimise waste, protect human health and maintain environmental quality and safety. This can be achieved by maximising the purchase of environmentally-sensitive goods and services.

PROCUREMENT PROCESS

Quotes and tenders. A quote is requested from suppliers when the Company is able to specify the actual product or service that is required. Quotes are usually obtained by directly contacting suppliers (not by public advertisement). A tender is requested when the Company is able to provide specifications for the

Purchasing

product/service required, but does not specify model/ brand names and other product-specific details. Tenders are usually invited by public advertisement or written invitations to potential suppliers.

Action to determine a supplier. The specific action to be taken in order to determine a supplier will depend on the nature and value of the purchase and ensuring that value for money is obtained.

to

The following general processes will apply.

- **Procurement transactions not exceeding \$10,000.** With consideration for the The Company's general purchasing principles (see previous), three verbal or written quotes are required for expected purchases from genuine competitors capable of supplying the required goods or services.
- **Procurement transactions exceeding \$10,000 but not exceeding \$100,000.** Three written, competitive quotes from suitable suppliers or service providers are to be obtained. All quotes in excess of \$10,000 must have the prior approval of the Board.
- **Procurement transactions exceeding \$100,000.** The Board must call public tenders or invite tenders from at least three suitable suppliers or service providers.

Value for money. Notwithstanding the financial limits set out above, it may be possible to enhance value for money to the The Company by coordinating purchasing arrangements and seeking quotes for a 'package deal' or by implementing preferred supplier arrangements.

For example, discounts may be available if a preferred supplier arrangement is established for the supply of stationery over a 12-month period rather than by individual purchases.

Evaluation. Quotes/tenders are to be evaluated on the basis of the Company's general purchasing principles.

The lowest quote/tender is to be accepted by the Company unless sufficient justification for accepting a higher quote can be made (e.g. value for money considerations). Such justification is to be documented and authorised.

Waiving the procurement process. If circumstances warrant the waiving of the procurement process, written justification is to be prepared by the purchasing officer and approved by the financial delegate. Where necessary, the approval of the Board should also be obtained.

In the case of grants, written approval to waive the procurement process must be sought from the CEO.

Approval. All procurement transactions require the approval of a suitably qualified Purchasing Officer and financial delegate.

Documentation. Supporting documentation must be retained for audit purposes. Written quotes or tenders, evaluation notes, copies of the Board approvals and the like must be attached to the purchase order or cross-referenced to a Board file or Board Minute.

PURCHASE ORDERS

Issue. An appropriately authorised purchase order must be raised for the purchase of goods or supply of services.

A purchase order initiates the liability for the cost of a purchase. It represents a contract between:

- The supplier to provide the goods or services; and
- The Company to pay for those goods or services when received.

Liability for the expense is not incurred until a purchase order for the procurement of goods or services is approved and issued, and the supplier has fulfilled the obligations of the order. A purchase order signifies the commitment of official funds for the approved expense.

The purchase order must be signed by an officer who has the authority to commit the The Company to the total amount of expenditure on the order. If the expenditure is above the authority level of the officer, they must arrange for signature by an appropriately authorised officer before dispatching the order to the supplier.

Staff responsible for raising purchase orders must initiate an order before the supply of goods or services, and quote the purchase order number to the supplier. Quoting the order number will ensure that the number appears on the supplier's invoice.

Purchase orders must represent the total value of the goods or services being purchased and not be 'split' to allow approval to be received from lower financial delegation levels.

Completion. A purchase order must be completed in every required detail. Authorising officers must also ensure that the correct expense allocation is recorded on the purchase order.

Exceptions. Purchase orders are not required for:

- Individual 'recurring' payments where a Standing Purchase Order exists
- Travel/expense claims
- Petty cash reimbursements
- Salary, wages and related costs.

Outstanding purchase orders. Purchase will be deemed outstanding where:

- The ordered items have not been supplied within a reasonable period of time
- Claim for payment has not been forthcoming from the supplier within a reasonable period of time from the date the goods/services were received.

Where goods or services have not been received in a timely manner, the supplier is to be contacted to determine the estimated supply date. If this date is unacceptable, or the goods/services are not received by the required date, the order may be cancelled and a new supplier sought. In such cases, consideration is to be given to contract terms and conditions, the availability and cost of the goods/services from an alternative supplier, and the estimated delivery date.

Purchasing

Cancelling a purchase order. Before cancelling a purchase order, the current status of the order and action taken to date must be considered to determine any liability incurred to date.

All copies of the purchase order that is to be cancelled are to be crossed with the word 'CANCELLED' (clearly marked on the face of the order) and the reason for cancellation noted. The certification of the officer cancelling the order and the date of the cancellation are also required.

To ensure integrity is maintained, the cancellation of a purchase order is to be verified by a responsible officer other than the officer who cancelled the order.

All copies of the cancelled purchase order are to be filed with the purchase orders.

Goods received. Where the procurement officer and financial delegate functions have been completed by the same officer (due to extenuating circumstances), approval must be sought from the CEO, and the goods receipt function must be completed by another officer.

Variation to a purchase order. To ensure probity and transparency of the purchasing function, invoice price variances exceeding 10% of the original price shown on the purchase order require the approval of a financial delegate (preferably the delegate who approved the order in the first instance or, if unavailable, an officer with a higher delegation). The authorisation for the variation must be noted on the original purchase order.

Variations of less than 10% do not require re-submission to the financial delegate.

Document security. Purchase order books are accountable forms and are subject to the security procedures prescribed for such forms in 'Systems, Security Control', in this manual.

SPECIAL CONDITIONS

Consultancies

Consultants should be engaged in accordance with the relevant instructions provided by the Board

Definition. A consultant is an organisation or individual contracted to perform specific tasks and/or provide independent expert advice by exercising professional skills and judgement. In addition:

- the Board does not exercise detailed control over the work performed
- the arrangements are generally for a fixed term with specified outcomes for an agreed rate
- the consultant is free to accept other engagements where the requirements of the consultancy agreement require a part-time commitment.

Work provided by contractors or professional service providers is different from the work performed by consultants in that the Board exercises detailed control and supervision over the work performed. Further, casual or temporary staff are excluded from the definition of consultants.

Approval. Approval to engage a consultant is in accordance with the appropriate delegation.

Purchasing

Selection. Where possible, the Company should develop a list of preferred suppliers for the provision of a variety of consultancy services.

Before selecting a consultant, alternatives need to be considered, e.g. whether skills already exist within the Company that could be applied to the project.

In the interest of public accountability, it is important that there be open and effective competition for all consultancies engaged by the Company.

Both successful and unsuccessful applicants for consultancies are to be notified in writing of the accepted consultancy. A formal agreement is to be signed and executed before the project commences.

Project management. The officer nominated as the project officer for the contract has the overall responsibility for managing and reviewing the performance of the consultant. This includes:

- Monitoring the performance of the consultant to ensure that the requirements of the brief are met against prescribed milestones and performance indicators
- Supervising the project
- Maintaining appropriate records and preparing the progress and final evaluation reports
- Liaising with the consultant
- Dealing with the situation when the consultant's performance has been unsatisfactory.

Register. Details concerning consultants engaged by the Company are to be recorded in a central register maintained by the Finance area.

Reporting. Expenditure on each category of consultants must be included in the Annual Report.

Contract and Professional Services

Definition. Contract and professional services are usually of a specialised nature where the company exercises detailed control over the work performed in terms of work practices, specified outcomes, period of employment and supervision.

Examples of contract and professional services include:

- Professional staff (computer programmers, engineers and so on)
- Capital works project staff
- Contracted staff for the completion of a special project
- Casual or temporary staff from employment agencies.

Engagement. Contract or profession services staff may be engaged when there is a need to supplement existing staffing due to work load or special project requirements, or a need for specialist skills and knowledge.

Arrangements for the provision of contract or professional services should be documented in an agreement between the service provider and the Board of the Company.

Purchasing

Payments. All payments for contract and professional services must be supported by a properly authorised supplier's invoice and an acknowledgment by the authorised officer that the services have been received and charges are in accordance with the agreement. Before payment is made, reference must be made to the contractor's time sheet to ensure that the Company is correctly invoiced.

Grants/Loans/Advances to Racing Clubs

In addition to the procurement process specified previously in this section, and where funds are to be provided to approved entities, terms of reference must be prepared and approved by the company before the commencement of the arrangements. See also 'Grants', in this manual.

Terms of reference are to include:

- Enough information for the entity/service provider to understand the objectives of the funding
- Details of the entity's responsibilities
- A request for a schedule of information to be provided in the quote/tender that includes:
 - objectives to be met through funding
 - a proposed timetable for completing the project targeted
 - key events or activities
 - the resources that the entity may devote to the task
- Proposed conditions of engagement.

Preferred Suppliers

Establishing preferred suppliers. Where there is likely to be an ongoing or recurrent need for certain products or services, a register of preferred suppliers may be established.

Invitations to nominate as a preferred supplier are generally offered through advertising in the appropriate media (e.g. the press). On the basis of a detailed brief established by the The Company, suppliers are to provide submissions with quotes and details of the services provided in relation to the required goods or services.

The invitation for suppliers to contribute to this register meets the requirements of the The Company's general purchasing principles (see 'General Principles', previously in this section).

Purchase of Computer Software

All purchase orders for the purchase of computer software must be authorised by the CEO and Accountant to ensure its compatibility with both computer hardware and other software applications in use.

Credit Facilities

OVERVIEW

A credit facility is any system of credit established to allow purchase of goods or services without the use of an official purchase order or the exchange of cash between the purchaser and supplier at the time of the transaction.

The credit facilities generally used by the Company are:

- Corporate credit cards
- Fuel cards
- Taxi vouchers
- Toll cards.

The establishment of any credit facility requires the recommendation of the CEO and approval from the Company. The CEO is responsible for the establishment, implementation, management and control of credit facilities used by the Company.

All credit facilities must be subject to the agreed terms and conditions between the credit provider and the Company.

Users of credit facilities must comply with the agreed terms and conditions, and properly discharge responsibilities regarding the use and reconciliation of credit accounts. Users are responsible for utilising the facilities in a proper and appropriate manner, and are accountable for all transactions associated with their use. See also 'Permitted Expenses' and 'Purchasing', in this manual.

Users are also responsible for the security of the card/vouchers. The Personal Identification Number (PIN) issued with the facility is not to be opened, and is to be held by the CEO in the office safe.

Misuse of credit facilities will, at the discretion of the Board, result in the user's access to the facility being revoked and appropriate disciplinary action being taken.

CORPORATE CREDIT CARDS

Principles. The policies and procedures pertaining to corporate credit cards at a Company must incorporate the principles of:

- Treasurer's Guidelines for the Use of Queensland Corporate Card; and
- General Guidelines for Personal Expenses and the Use of Credit Cards by Public Service Employees.

Issue. Corporate credit cards will be issued to relevant officers on the basis of the card providing a necessary and convenient facility for meeting commitments incurred in the course of official business.

Credit Facilities

The issue of corporate credit cards is to be recorded in a register that is maintained by an appropriate officer, e.g. Accountant.

Use. Corporate credit cards must be used only for official purposes, and may be utilised for the payment of:

- Official hospitality and entertainment expenses
- Official travel-related costs including accommodation and associated expenses, meals, official telephone expenses, and the like.

Corporate cards are not to be used in the following circumstances:

- Any personal or unofficial purchases including gifts, flowers, mini-bar charges, tips and gratuities
- Payments to contractors
- Cash withdrawals
- Transactions using the Internet
- Purchasing of assets or items of lasting value.

Corporate card use should be restricted to a specific transaction limit in any one month.

Documentation. Cardholders are to obtain documentary evidence of all transactions for which the credit card is used. Supporting documentation for each transaction must be attached to the expenditure voucher, and include the vendor's invoice/account, copy of prior approval to travel/entertain (where applicable), and purchase order.

Where supporting invoices or docketts are not available, a signed certificate stating that the transactions are valid and were for official purposes must be attached.

Details of all hospitality/entertainment expenses must be fully documented with the purpose of the expense, guest name(s), date, refreshments, time and the like.

Reconciliation. Cardholders are to reconcile the supporting documentation with the transactions appearing on the monthly statement from the credit provider. Officers may not approve the reconciliation of their corporate credit card.

FUEL CARDS

Issue. The issue of fuel cards is to be recorded in a register maintained by the Finance area.

A fuel card may be held for hire car use provided written approval is received in advance from the CEO. When the card is not in use, it should be held in safe custody (in office safe) in the Finance area.

Responsibilities. Users of the fuel card credit facility are responsible for utilising the facility in a proper and appropriate manner. Users are also responsible for the security of the card while it is in their possession, and are accountable for all transactions associated with its use during that period.

Credit Facilities

Use. Fuel cards are to be used only in accordance with the agreement between the credit provider and the Company. This includes locations where the card may be used, vehicle for which the card may be used and the types of purchases that are permitted (e.g. fuel only, fuel and oil).

Documentation. Fuel card transactions are to be supported by documentary evidence of the purchase (e.g. the fuel card docket provided by the fuel supplier). This documentation is to be forwarded to the Finance Area and will be used when reconciling the credit provider's account and making payment.

TAXI VOUCHERS

Issue. Bulk stocks and the issue of taxi vouchers are to be maintained by the Finance area.

The Accountant is responsible for approving the issue of taxi vouchers within their area of responsibility. This officer should ensure that taxi vouchers are issued for appropriate use..

Use. The use of taxi vouchers is strictly limited to taxi travel for the purpose of conducting official business within or outside business hours when neither an official vehicle is available, nor is public transport an acceptable option.

TOLL CARDS

Issue. The CEO is responsible for approving the issue of toll cards within their area of responsibility.

Officers may purchase pre-paid toll cards only by credit card.

Use. The use of toll cards is strictly limited to business travel. Toll cards cannot be used for home-work or work-home travel, or any other private travel.

Expenditure Authorisation

Expenditure Authorisation

OVERVIEW

As part of a financial delegation, a delegate may have authority to approve the incurrence of expenditure for the supply of goods or provision of services to the Company.

Expenditure delegations are granted by the Board (as the accountable body of the Company) by instrument in writing, to ensure the efficiency and effectiveness of its day-to-day operations. The delegations must be documented in a suitable form and include a history date index of changes and corresponding The Company approval.

Delegations are granted to a position for specific purposes and are exercised to a specified dollar limit.

FINANCIAL DELEGATIONS

Conditions. The following conditions apply to financial delegations:

- The delegation is made to a position and not a person. The delegation may be exercised by the person who occupies the position shown in the Instrument of Delegation at any point in time, whether in a relief or full-time capacity.
- Approval for expenditure will be given by a delegated officer only where sufficient funds are available to meet the expenditure.
- Only funds directly under the control of the delegated officer are to be used by that person, unless prior approval has been obtained, in writing, from the officer who controls those funds.
- Delegated officers are not permitted to approve their own expenditure. This is expenditure that personally benefits the officer such as travel, entertainment, training/seminars and related expenses, or reimbursement of expenditure incurred and paid from the personal funds of the officer. In addition, an officer may not approve the reconciliation of their corporate credit card.
- Expenditure is not to be approved on behalf of another delegated officer unless that officer is officially acting in the delegated officer's position or approval has been obtained from the Board.
- Delegated officers are not to approve any expenditure where there is a possibility of an actual or perceived conflict of interest.
- Approvals by delegated officers are to be given in writing and show the official position title and date. These approvals are generally signed on requisitions, purchase orders or invoices (or vouchers where an invoice is not available), and are to be given once only.

All officers occupying positions that have financial delegation must be supplied with a copy of the conditions of the delegation.

Amending the delegations. Requests for additions, deletions or changes to financial delegations are to be addressed to the CEO, through the Accountant. The CEO will examine the request and, where considered appropriate, make a recommendation to the Board for amendment to the delegations.

Expenditure Authorisation

APPROVING EXPENDITURE

Requirement. All expenditure of the Company is to be properly authorised by an officer with an appropriate financial delegation prior to the expenditure being incurred.

Request. Expenditure commitments must be made in writing and are limited to one of the following:

- Official purchase order supported, where required, by:
 - Consultancy agreement
 - Official contract
 - Supplier agreement
 - Formal letter of agreement.
- Expenditure voucher (in an approved form such as an authentic supplier invoice, travel expenditure voucher or other Company expenditure voucher) on which the following is indicated:
 - Particulars of the claim and a certificate signed by the claimant that the amount claimed is due and payable, or an original invoice from the claimant setting out the particulars of the claim
 - Documents or certifications as are necessary to bear evidence that the amount claimed is properly due and payable (e.g. signed delivery docket, receipt copy of the official order or goods received stamp)
 - Copy of or reference to the expenditure approval
 - Name and address of the vendor
 - Relevant expenditure account code(s) and cost centre(s) against which the expenditure is to be charged.

Copies of supporting documentation. Where the original supplier invoice has been lost or destroyed, a copy of that invoice will suffice provided the processing officer is satisfied and attaches a separate certification to the effect that the claim has not been previously paid.

In relation to petty cash or travel claims, where the original receipt is lost or destroyed, the officer requesting the claim must submit a signed Statutory Declaration indicating that the original receipt is unavailable. The Statutory Declaration should be signed by the officer's manager as witness.

Payments are not to be made on a supplier's Statement of Account except in the case where the supplier specifies that the statement acts as an original Invoice/Statement.

Travel-related expenditure. Any claims for expenditure related to travel (e.g. air flight and accommodation expenses when an officer is not claiming a travelling allowance) should be accompanied by the supplier's invoice and an approved travel requisition.

Certifications. Before payments are processed, the following certifications are to be recorded by the on the expenditure request:

- **Preparation of the expenditure voucher.** Delegated officers who prepare an expenditure voucher must ensure that:
 - all relevant and necessary documentations are attached
 - the goods have been supplied, services rendered, or works constructed

Expenditure Authorisation

- the price or rate of charge, including discounts available, are correct
- the claim has not been previously been paid.
- **Financial approval** – A financial delegate with expenditure authority is to examine the application to incur expenditure and be satisfied that the expenditure relates to the organisational objectives and priorities of the Company, particularly as identified in the Strategic Plan. In addition, the nature of the expenditure must be in accordance with the Company's permitted expenses policy (see 'Permitted Expenses', in this manual) and the delegation must be given in accordance with the prescribed conditions and Instrument Of Delegation.
- **Payments (certifying the accounts)** – The payments officer certifies that the accounts have been properly examined and are in accordance with the prescribed requirements (i.e. Company policy and procedures). When the officer is examining the voucher, they are ensuring that:
 - appropriate supporting documentation is attached
 - appropriate approval has been obtained
 - the invoice number, date and amount on the voucher are consistent with the supporting documentation
 - the invoice has not been previously paid, particularly in the case of photocopied invoices.

Trade Creditors

OVERVIEW

Trade creditors are accounts payable to suppliers or service providers for the provision of goods or services to the Company. Except in the case of an authorised prepayment (see 'Prepayments', in this manual), goods or services must have been received by the Company before payment is made to the supplier.

PAYMENT OF ACCOUNTS

Expenditure form. All payments to trade creditors must be supported by an Expenditure Form containing:

- Request to incur expenditure (purpose, justification, cost estimate and budget item)
- Approval of a financial delegate certifying that the expenditure is permitted and funds are available within the budget
- Where applicable, other supporting information or documentation (e.g. supplier quotes).

Supplier's invoice. The original supplier's invoice is to be attached to the Expenditure Form. A supplier's invoice should contain the following information:

- A unique identification number
- Date of issue
- Supplier's name and the payment address
- Company's name as the debtor
- Details of the goods or services supplied
- Amount payable
- Payment terms.

All trade creditors should be paid in accordance with the payment terms to which the The Company agreed when entering into the purchasing arrangement (e.g. 7 days, 14 days, 30 days net).

SPECIAL CONDITIONS

Hire and lease payments. Where the Company elects to hire or lease items in lieu of purchasing, payments are to be made only in accordance with the amount(s), terms and conditions agreed to between the hirer/lessor and the Company in the formal agreement entered into at the commencement of the arrangement.

Examples of items which may be hired rather than purchased include:

- Motor vehicles (short-term hire)
- Specialised items of equipment required for a short period of time.

Trade Creditors

Examples of items which may be leased rather than purchased include:

- Office accommodation
- Land
- Motor vehicles
- Items of equipment required over a lengthy period for which maintenance and upgrade facilities are required.

Payments for contractors, professionals and consultants. All payments for the provision of contract, professional or consultancy services to the Company must be in accordance with the formal agreement between the service provider and the Company. At a minimum, rates payable and the frequency of payments should be specified in the agreement. Particularly in the case of consultancies, satisfactory evaluation of outcomes, as documented by the supervisor of the consultancy, should be a condition of payment.

Foreign currency payments. Foreign currency payments are those payments made to overseas suppliers in the currency of their country. In lieu of a cheque being drawn payable to the supplier, the exchange rate will be obtained from the bank and a cheque drawn for the Australian currency amount plus any bank fees for the purchase of a bank draft. The cheque is to be payable to the bank and drawn on the same day as the exchange rate is obtained. The bank draft, payable to the supplier, is then purchased from the bank, again on the same day, and forwarded to the payment address or deposited in the supplier's account.

Miscellaneous Payments

Miscellaneous Payments

OVERVIEW

Miscellaneous payments include all sundry payments such as petty cash, personal reimbursements and other payments to individuals. These differ from trade creditors in that they are not based on the supplier providing goods or services on credit and subsequently invoicing the Company. However, the requirements of the expenses and authorisation policies still apply.

PETTY CASH

Establishment. Petty cash accounts are established for the purpose of paying for minor expenditure items, avoiding the expense and inconvenience of drawing cheques for petty expenses. The establishment of a petty cash account is to be approved by the CEO.

Custodianship. An Administration Officer is to be charged with the responsibility of administering and safeguarding the petty cash account.

Use. All petty cash expenditure is to be in accordance with the general policy for Company expenses (see 'Expenses: General Policy', in this manual) and for approved purposes only (see 'Permitted Expenses').

A limit for individual transactions should be approved by the Company. The Administration Officer responsible for the petty cash account may use discretion in determining whether the use of petty cash is appropriate in the circumstances. When necessary, the CFO may be approached for determination.

Examples of the types of items that may be purchased using petty cash include:

- Small miscellaneous requisites (e.g. stationery, incidental postage, first aid supplies)
- Tea/coffee/refreshment supplies for official meetings
- Incidental parking costs incurred while performing official duties
- Up front bank charges incurred when conducting Company banking
- Fuel costs when an officer or approved non-officer uses their private motor vehicle to attend to official business or an official meeting
- Incidental fares incurred while carrying out official business
- COD delivery charges.

All petty cash expenditure must be authorised by an appropriate financial delegate.

Claims. Claims for petty cash expenditure, usually in the form of a petty cash docket, are to be submitted to the Administration Officer responsible for the petty cash account. The purchase is to be adequately described and supported by the supplier's receipt or other evidence of payment received. The funds to be used in the recoupment are to be noted on the receipt.

Miscellaneous Payments

Reconciliation. Petty cash accounts are to be reconciled when:

- Recoupment is required (at least monthly)
- Custody of the petty cash advance is being transferred from one officer to another
- Shortages or surpluses are suspected or detected.

To reconcile the petty cash account, the documented expenditure and cash on hand are balanced with the original amount of the petty cash account. The amount of the expenditure is then recouped to restore the cash on hand to the value of the original petty cash account.

The reconciliation of the petty cash account is to be prepared and certified by the Administration Officer responsible for the account and checked and certified by a Supervising Officer.

Discrepancies. Where the reconciliation reveals discrepancies, the unbalanced amounts are to be immediately investigated by the Administration Officer.

- **Shortages.** Cash shortages that appear to have resulted from a criminal offence are to be reported in writing to the CEO who is responsible for determining what further action is to be taken (e.g. notifying the Police).
- **Surpluses.** Where the origin/destination of a surplus of monies cannot be identified or they cannot be appropriately allocated, those monies are to be consumed by the recoupment (i.e. the value of the recoupment will be reduced by the amount of the surplus).

Expenditure form. After reconciliation, an Expenditure Form is to be prepared by the Administration Officer for the recoupment of the expended petty cash funds. The claim for payment is to be supported by the receipts for the petty cash expenditure and the reconciliation of the expenditure to date and cash on hand with the value of the petty cash account.

Encashment. Upon receiving the cheque reimbursing the petty cash account, the Administration Officer responsible for the account is to present the cheque at the bank for cash (for further information regarding the opening of cheques for encashment, see 'Cheques', in this manual). The cash obtained should be in denominations that will facilitate ease of administration when issuing petty cash advances and reimbursing petty cash expenditure claims.

Internal checks. Spot checks of the register and cash on hand must be performed by the Accountant to ensure there is safe custody, correct balancing and appropriate use of petty cash.

ENTERTAINMENT EXPENSES

Incurring entertainment expenses. Entertainment, or expenditure for official hospitality, should be incurred only where it is considered essential to facilitate the conduct of public business. Such hospitality should not be a substitute for business meetings which would ordinarily be conducted in the office.

It may be periodically appropriate to provide hospitality to individuals of particular importance to the Company. Examples include:

Miscellaneous Payments

- Interstate and overseas visitors (where the Company has an interest in, or a specific obligation towards, facilitating the visit)
- Representatives of business or industry, trade unions, recognised community organisations, the press and other media.

Prior written approval must be obtained from the appropriate delegate before the function takes place. A copy of this approval must support the resulting claim for payment that is submitted for processing.

Expenditure associated with the attendance of spouses/partners and children of The Company officers at official functions are to be met personally by that officer. Such expenditure is considered personal and is not to be funded by the Company.

However, if the Chair, Board Members or staff receive an official invitation to a formal, necessary and approved meeting or function, and the invitation is extended to their spouse or partner, the invitation can be accepted and the Company should pay any reasonable associated expenses. However prior approval must be obtained from the Board.

Details of all attendees at functions funded by the Company must be provided to support the claim for payment.

Purchase of alcohol for The Company staff consumption. All expenditure must be for official purposes and officers must be able to identify the benefit for the agency, the State and the public generally. The purchase of alcohol for staff consumption is generally not regarded as fulfilling these guidelines.

Purchase of alcohol by staff while travelling. Staff will not claim for alcohol consumption while travelling.

Staff who travel are provided with an incidental allowance which covers such items as drinks, papers and private phone calls.

Any mini-bar purchases are a personal expense of the travelling officer and are not to be charged to the account of a The Company.

Employee Expenses

Employee Expenses

OVERVIEW

Employee expenses include all payments to The Company officers for expenses incurred in the performance of official duties. The entitlement to expenses and the rates and allowances payable are prescribed by the Award and conditions under which an officer is employed.

Examples of employee expenses include:

- Travel expenses (domestic and overseas)
- Private motor vehicle allowance
- Appointment or transfer expenses
- Private telephone allowances.

Unless otherwise provided for or permitted, employees are responsible for the initial payment of expenses incurred while performing official duties and the subsequent claim of expenses due.

Supervisors/financial delegates are responsible for ensuring that expenses claimed are for legitimate purposes and events that actually occurred, and are in accordance with the conditions of employment and the relevant Company policy.

GENERAL POLICY

The following general policies apply to all employee expenses:

- Approved expenses incurred by an employee while performing official duties are to be promptly claimed by the officer and processed as an expense.
- All payments for allowances or expenses due will be in accordance with the relevant Award, Directive and/or conditions of employment for the officer.
- The incurrence of employee expenses must be approved by the appropriate supervising officer before being incurred. When being claimed, the payment of expenses must be approved by the supervising officer and financial delegate.
- Officers may not authorise the incurrence or approve the payment of expenses to themselves.
- Advances of allowances may be made where the entitlement exists. Advances must be acquitted within 14 days of the officer completing the duties for which the advance was granted.
- All advances and subsequent acquittals are to be recorded in a central register, and be subject to appropriate review and follow-up action.

Employee Expenses

ENTITLEMENT

Employment status. In accordance with the Award and conditions of employment, any officer who is an employee of a Company is entitled to employee allowances when incurring expenses in the course of official duties carried out away from their usual place of business and/or residence.

Approved non-officers. The Company may also approve allowances for specific non-officers such as Board Members or representatives accompanying officers of the Company on official business trips, if approval has been received in accordance with the *Racing and Betting Act 1980*.

TRAVELLING EXPENSES

Domestic Travel Expenses

Travelling allowance rates. The Company should adopt the travelling allowances prescribed by the ATO as its rates for travelling allowance.

Additional individual expenditure exceeding \$10 must be supported by original invoices or receipts and attached to the Expenditure Form. For expenses below \$10, unsupported by an invoice or receipt, the name of the supplier and nature of goods and services supplied should be recorded on the form.

Private expenditure should be deducted from any invoices claimed.

Components. A travelling allowance comprises the following three components:

- **Meals.** Meal allowance is payable from the date of departure until the date of return and is based on the meal times during which an officer is absent from their usual place of business and/or residence, and whether the meals were obtained in a capital city or another centre.
- **Accommodation.** The accommodation component of the travelling allowance is payable for the number of overnight absences in a period of travel and is based on the centre at which accommodation is obtained.

When accommodation is obtained at a cost that is *more* than the maximum allowance, the CFO must approve the payment of the actual accommodation costs.

When accommodation is obtained at *no cost* to the officer or the Company pays the costs of accommodation directly to the provider, accommodation allowance will not be payable.

- **Incidentals.** Incidental allowance is payable for the number of 24 hour periods and/or part thereof during which an officer is absent from their official place of business and/or residence. The incidental allowance is intended to cover the extra incidental costs of being away from home – not actual expenditure for items such as taxi fares (such expenditure should be claimed in addition to travelling allowance, when the claim is acquitted).

A Company may approve a maximum daily limit for incidental expenses. In such cases, the rate should be reviewed at least annually.

Employee Expenses

Advance payment. Generally, travelling allowance will be claimed by an officer or approved non-officer *before* they commence the period of travel for which expenses are sought. In such cases, the claimant may seek an advance of 100% of the allowance that is anticipated to be due. A claim for an advance of travelling allowance is to be supported by a completed Travelling Allowance Form and a completed and approved Expenditure Form.

Claims for advances are to be submitted at least 14 days before the commencement of travel. Urgent travel advances can be considered with no less than two days notice.

All advance payments are to be acquitted within 14 days of the completion of the period for which the advance was granted.

After accepting payment for a travelling allowance advance and signing the Expenditure Form, recipients are responsible for the safe custody of the monies and ensuring that the advance is expended only for the purposes for which it was granted (i.e. for expenses relating to the period of official travel).

An advance requires a certification of the claimant and financial delegate approval.

Acquittal of advance payments. On returning from a period of official travel, a claimant that has received an advance of travelling allowance must promptly acquit the advance. Documents should be in their original form and not be copies. Additional travelling expenses that are not covered by the travelling allowance (e.g. taxi fares) are to be claimed at this time.

An acquittance form certified by the claimant and the documents supporting the acquittal of a travelling allowance advance are to be affixed to the Expenditure Form used for the original advance payment. Any extra amount payable to the claimant is to be processed at this time.

The acquittal requires the certifications of the claimant and supervising officer. When there is a 10% or greater variance from the original advance amount, the certification of the financial delegate is also required.

After verification of the claim, the Register of Advances is updated to record the acquittal of the advance. After confirmation that the amount and cost centre code quoted on the acquittal match the advance, the claim can be processed.

At the close of each month, a responsible officer must reconcile advances to acquittals in the accounting system ledger. The reconciliation should identify unmatched credits for corrective action, and unmatched debits for follow-up of outstanding advances.

If a reimbursement of some of the travelling allowance previously advanced is due to the Company, the unacquitted portion is to be immediately recovered from the claimant (see 'Repayment of Travelling Allowance', below).

Outstanding advances. A travelling allowance advance is deemed to be outstanding when the claimant has returned from the travel for which the advance was made but has not submitted an acquittal. Outstanding travelling allowance advances are to be regularly reviewed by an independent officer. When it is required, the CEO should be approached to determine appropriate recovery action.

Employee Expenses

Repayment of travelling allowance. An officer or approved non-officer who has received an advance of travelling allowance would be required to repay some or all of that advance to the The Company when:

- the travel is cancelled
- the first date of travel is postponed for more than a week
- the period of travel is reduced
- the total amount paid in advance changes
- the entitlement to receive the travelling allowance is found not to exist.

As recipients are required to use advanced travelling allowance only for the purposes for which it was granted, immediate repayment of the unacquitted portion of an advance is required. Monies repaid to the Company are to be credited to the same account as that from which the advance was originally made.

Travelling expenses – actual. An alternative to the payment of travelling allowance is to ‘travel on actual expenses’. This is where the officer receives reimbursement for actual expenditure by keeping all receipts. Actual expenditure does not include air fares and vehicle hire expenses – expenses of this nature should be organised and accounted for before the commencement of travel.

Written approval is to be received in advance to travel on actual expenses. The submission for approval should be supported by an estimate of the cost of travel.

The delegate approving travel on actual expenses should be aware of the standard travelling allowances paid within Government to ensure that only reasonable expenses are claimed by the travelling officer.

Overseas Travelling Expenses

Approval. All overseas travel requires the support of the CEO and, subsequently, the approval of the Board.

A submission should be completed for approval. The submission should include the following information:

- Name(s) of officer(s) travelling
- Position
- Destination (e.g. conference location)
- Countries/places to be visited
- Period of trip/conference
- Reason for travel/conference
- Benefits/objectives
- Details of consultation taking place with other bodies/entities that may be interested in the proposed visit
- Total travel costs
- List(s) of reports to be submitted on return of officer(s)
- Details of any leave being sought by officer(s) while overseas
- Support of CEO and Chair of the Board.

Employee Expenses

Travelling allowance rates. The Company should adopt the travelling allowances prescribed by the ATO as its rates for travelling allowance.

Travel advances. Although not a preferred option, travel advances may be issued for overseas travel. The correctly completed travel advance form must be received no later than 14 days before the commencement of travel.

It is the responsibility of the person undertaking the travel to purchase traveller's cheques or exchange currencies directly with a banking agency.

Bookings. Air fares, accommodation and conference fees may be paid for before the commencement of travel using the appropriate procurement means.

Travel diary. A detailed travel diary must be maintained by the travelling officer. The diary is to record all activities, travel and related expenses for the planning and duration of the trip. This information includes:

- Departure and arrival times, and any delays
- Meals, drinks and the name and location of restaurants used.

To assist in later interpretation of the log, exchange rates and currencies are to be included, and receipts should be stapled to the relevant pages of the diary.

The following is an example of a travel diary:

TRAVEL DIARY					
Name: _____		Period Beginning: _____			
Signature: _____		Period Ending _____			
Date of Entry	Activity Commenced		Travel Itinerary (Place of Activity)	Duration of Activity (Hours/Days)	Purpose of Activity
	Time	Date			

*The travel diary is to be completed for all overseas travel
All time away from home/office is to be accounted for, including time taken as leave
Entries are to be made at the time of the activity, or as soon as reasonably practical*

Acquittal of expenses. On return, the travel diary is to be forwarded to the Finance area with the completed travel acquittal form within 14 days.

Employee Expenses

Travel Bookings

Travel service provider. Travel arrangements involving air, rail or coach travel must be made through an accepted service provider. Companies should optimise the market share based rebates and discounts available when Standing Offer Arrangements are negotiated. These rebates and discounts are usually over and above the discounts secured in respect of the individual air fare.

Class of Travel

Domestic air travel. All officers shall travel economy class on domestic air fares, unless the trip exceeds three hours actual flying time.

Overseas air travel. The Company must approve the class of travel available for employees and Board members when travelling overseas. The policy established must be reasonable and able to withstand public scrutiny and audit checks.

Upgrading. Where any staff member is accompanying a person in a higher position, the officer shall be entitled to travel at the same class as the senior officer (subject to the senior officer's approval).

Extension of Travel for Personal Purposes

Conditions for extending travel. When travelling on official business, officers may extend the period of travel for personal reasons, either before or after the official component of the trip, provided that:

- Prior approval is obtained from the relevant delegate (including approval for any additional absences from the workplace during working hours); and
- Any additional expenses incurred are the responsibility of the travelling officer (e.g. air fares for extended travel or split trip, accommodation, meals, taxi fares and incidental items).

Associates Travelling Expenses

Approval. Only in exceptional circumstances, where specifically approved by the Board, and where the attendance of an associate is of demonstrated benefit to the Company, are the travel and associated costs of an associate to be met by the Company.

An 'associate' will include a spouse, accompanying person and/or family member of the Chair, Board Members and CEO.

Costs for associates. Where an officer is accompanied on official travel, the Company does not meet the costs of:

- Fares for the associate(s)
- Additional accommodation charges that are beyond those costs associated with the arrangements for the officer
- Meals, drinks and incidentals for the associate(s)
- Laundry, dry cleaning and grooming costs for the associate(s).

Employee Expenses

Recipients of travel advances are required to submit an acquittal upon completion of their official travel.

Invitations. If the Chair, a Board Member, or the CEO receives an official invitation to a formal, necessary and approved meeting or function, and the invitation is extended to their spouse or partner, the invitation can be accepted and the Company should pay any reasonable associated expenses. However, prior approval must be obtained from the Board or Minister.

Membership should not be awarded as a prestige symbol.

MOTOR VEHICLE ALLOWANCES

Approval. In accordance with the Board's delegations, it is necessary to obtain written approval before using a private motor vehicle for official purposes.

Use. A private motor vehicle shall be used for official purposes only when an official vehicle is not available. A private motor vehicle shall not be used unless:

- The vehicle is covered by either a comprehensive motor vehicle insurance policy or a third party property damage insurance policy; and
- The insurance policy has been endorsed to indemnify the Company against certain liabilities at law (this is a standard endorsement available from all insurance companies).

Claims. An authorised officer may claim duly related costs incurred for private motor vehicle usage.

Payments may be approved for motor vehicle allowance where officers are required to use their private motor vehicle for official purposes. Motor vehicle allowance payments shall be made in accordance with the current ATO levels. The claim must be supported by a copy of the approval to use the private motor vehicle for official purposes.

Rental. Vehicle rentals must be raised by purchase order and paid directly by the Company. Direct hire requires prior approval by the CEO.

PRIVATE TELEPHONE REIMBURSEMENTS

Entitlement. Private telephone allowance will be paid to Board Members and employees with the entitlement prescribed in their employment agreement.

Claims may be paid for rental, service, connections, and local, STD, international and mobile telephone calls, as per the relevant employment agreement.

Approval. Officers seeking approval for private telephone reimbursement are required to submit a written application to the Company. The application must include the reasons for requiring the reimbursement.

Claims. Officers are required to pay the telephone account in the first instance, and claim the allowance using the appropriate expenditure claim form.

Employee Expenses

Claims for private telephone allowance require the certifications of the claimant and appropriate financial delegate.

Claims must have the corresponding telephone account and receipt/receipt advice attached. Where the officer is claiming actual costs for STD, international or mobile telephone calls, the purpose of each call is to be provided with the claim.

Funding Provided

Funding Provided

OVERVIEW

A The Company may provide funding to another organisation or individual for a specified purpose. The recipient's expenditure of the funds is constrained by conditions imposed by the Company.

See also 'Grants', in this manual.

PAYMENT

Application. When an organisation or individual requires funding from the The Company, application is to be made to the Company. The application should contain justification for the amount requested and full details of the expenditure to be incurred.

The Company's approval of an application for funding should be reflected in the Minutes.

Payment. The payment of funds to another organisation or individual is to be documented and approved on an expenditure form and, where appropriate, supporting documentation is to be attached. Payment may then be drawn for the amount of the funding to be provided and the accounting system updated with the payment details.

Terms and conditions. The Company may impose any terms and conditions that it requires in order to properly account for and acquit the funds.

The terms and conditions of funding provided by the Company are to be fully documented and signed by the recipient of the funding. Their signature is evidence of their acceptance of and commitment to adhere to the requirements.

Acknowledgment of receipt of payment. An organisation receiving funding from the Company is to provide written acknowledgment of the receipt of funds (including the date on which the funds were received).

Human Resource Costs

Human Resource Costs

PAYROLL

Compliance and authorisations. All payments of salaries will comply with the applicable Awards and Employment Agreements.

Authorisations for salary/ wage charges, overtime and any other variations to a payroll must be in accordance with the Instrument of Delegation.

Employee timesheets must be approved by an authorised officer.

Internal controls must be in place to ensure that all outputs of a payroll cycle (i.e. pay slips, bank transfer slips, payroll reports, and the like) are checked and certified by a preparing and checking officer.

Reconciliation and posting. It is the responsibility of the Finance area to reconcile the total amount of the payroll to the amount debited from the Company's bank account for salary payments. The Accountant shall ensure that salary expenditure data for the payroll system is transferred each pay period for processing to the General Ledger.

In relation to human resource costs, the following types of employee expenses will be recognised in the accounts:

- Salaries and wages, including fringe benefits and non-monetary benefits
- Overtime, higher duties and other allowances
- Annual leave and leave loading
- Superannuation and other post-employment benefits.

Payment Summaries. At the end of the financial year, the Finance area will reconcile the payment summaries to the payroll.

STAFF-RELATED EXPENDITURE

Scope. Staff-related expenditure includes the payment of ancillary costs such as workers compensation, superannuation, employment of casuals and part-time staff.

It does not include the employment of consultants and permanent staff.

Approval. The Instrument of Delegations should set out the expenditure limits in respect to such costs, and any other relevant approvals.

It is the responsibility of the Board to determine the authority required in respect to the engagement of full-time, part-time and casual staff.

Human Resource Costs

Obligations. The Company must be aware of its legal responsibilities as an employer with respect to taxation matters, industrial legislation, decisions of the Industrial Court, and guidelines issued from time to time by the Commission, and shall be kept informed on such issues. The company should appoint an officer with appropriate qualifications and skills to undertake this role.

Special Payments

Special Payments

Definition. Special payments are those payments that are made in addition to the payments made in the ordinary course of operations.

Special payments include:

- Ex gratia and extra-contractual payments where no legal obligation exists under the terms of the contract but a court might hold that an obligation exists
- Extra-statutory and extra-regulatory payments that are within the broad interpretation of an Act or regulation but go beyond the strict interpretation of its terms
- Gifts of public monies.

Approval and payment. Special payments may be approved as per the Instrument of Delegations for the The Company.

All special payments will be made by way of an expenditure form, with a copy of the approval to make that payment attached.

Register. All special payments made by the Company will be recorded in a Register of Special Payments immediately on making such a payment.

The register will be maintained by the Finance Area and is to be reconciled to the General Ledger on a monthly basis.

The register will, as a minimum, record the following details:

- Date of payment
- Recipient of the payment
- Amount of the payment
- Reason for payment
- Reference to approving document.

Payments

PAYMENT METHODS

The following payment methods may be used by a The Company:

- Cheques and cash; and
- Credit cards; and
- Electronic funds transfers.

CHEQUES

Overview

Definition. A cheque is a negotiable instrument directing a bank to pay a specified sum of money to the nominated payee, drawing the funds from the nominated official bank account.

Cheques are drawn for all official accounts payable by the Company where other payment methods are unable to be used. Cheques are drawn on the nominated official bank account of the Company.

Types. System cheques are those cheques generated by an approved financial system based on the payment information entered when the account payable data was entered.

Manual cheques are those cheques produced manually from the information provided on a payment voucher. The account, payment and cheque information are subsequently entered into the financial system used by the Company.

Manual cheques may be raised only in the prescribed emergent circumstances and where production of a cheque on the next working day is unacceptable. All other cheques are to be system generated.

Completion. All cheques must be correctly completed in full and authorised by approved cheque signatories before issue. Cheques should be completed to ensure:

- Accounts payable are made out to the Company and match the cheque details; and
- Payment verification checks have been completed.

Encashment. Cheques that are opened for encashment are able to be presented for cash rather than for the credit of funds to the payee's account. Cheques will be opened for encashment only with the approval and certification of the authorised cheque signatory.

Accountable forms. Cheques are accountable forms and are subject to the security and control policies prescribed for such forms (see 'Expenses – Security and Control', in this manual).

Review. The Accountant is responsible for the perusal of cheques after production and signature to ensure that the cheque information is in alignment and that they have been correctly printed and signed.

Payments

Cancelled cheques. Cheques drawn in error that have not been presented for payment are to be retrieved and cancelled. Cancelled cheques are to be filed for audit purposes.

Replacement cheques. Cheques that have been lost, stolen or not received by the payee and have not been presented are to be replaced.

System Cheques

Frequency. System cheques will be produced as frequently as required to fulfil supplier or Company policy commitment to payment terms.

Production. System cheques will be produced only by the authorised processing officer. The authorised drawing officer will have no other duties relating to the preparation and data entry of accounts payable.

Signing. System cheques may be signed manually or with impressed/lithographic signatures using a signing machine.

Spoiled cheques. Spoiled cheques resulting from the production of system cheques are to be cancelled and retained in accordance with record retention requirements.

Manual Cheques

Approval and issue. Before drawing any manual cheque, approval must be obtained from the CEO or Accountant. Manual cheques may be drawn only with this approval, and in emergent circumstances when a system cheque is unable to be generated.

The issue of a manual cheque is not acceptable in the following circumstances unless exceptional reason exists (consultation with the Accountant is required):

- Petty cash recoupment
- Travel advances
- Replenishment of franking machines
- Salaries and wages.

Recording. Manual payment information is to be promptly recorded in the accounting system.

Opening and Encashment of Cheques

Approval. Cheques will be opened for encashment only when there is a need for cash to be obtained from presentation of a cheque (e.g. recoupment of petty cash, cash floats and the like).

Endorsement. All cheques will be made payable to a specific payee (not 'Cash'). Encashment will be indicated by way of the endorsement 'PLEASE PAY CASH' on the face of the cheque. Cheque signatories must authorise the endorsement.

Register. All cheques opened for cash are to be recorded in a Register of Open Cheques. Receipt of the cheque is to be acknowledged by the payee.

Cancellation of Cheques

Reason. Cheques will be cancelled when they have been drawn in error, e.g:

- Incorrectly drawn for a supplier or claimant (e.g. duplicate payment)
- Amount of the cheque or other cheque information is incorrect
- Cheque is no longer required for a particular reason.

Conditions. To cancel a cheque, the original cheque must be present. The exception is in the case of a replacement cheque, where the payee is not in possession of the original cheque.

Processing. All cheque cancellations are to be processed by the Finance area.

Replacement Cheques

Reason. Cheques that have been lost, stolen, destroyed or not received by the payee, and have not been negotiated, will be replaced by the Company.

Indemnity and undertaking. Before replacement cheques are issued, payees are required to indemnify the Company from further claim in respect of the replacement cheque and undertake to return the original cheque should it come into their possession.

Processing. All cheque replacements are to be processed by the Finance area.

A replacement cheque should be drawn from the same bank account from which the corresponding original cheque was drawn.

CREDIT CARDS

All credit cards issued to officers are for the purchase of and payment for official goods and services.

The credit facilities generally used by Statutory Bodies are:

- Corporate credit cards
- Fuel cards
- Taxi vouchers
- Toll cards.

For further information, see 'Credit Facilities', in this manual.

ELECTRONIC FUNDS TRANSFER

The Company may make payments via electronic funds transfer (EFT) to creditors. The Finance area is responsible for managing EFT payments and only authorised systems officers can initiate the payment process.

Depreciation and Amortisation

Depreciation and Amortisation

OVERVIEW

Depreciation is a non-cash expense that is systematically recognised for the purpose of allocating the cost of a non-current physical asset over its useful life (see 'Non-Current Physical Assets', in this manual).

Amortisation is the allocation of the cost of intangible assets (see 'Intangibles', in this manual).

DEPRECIATION

Policy. All non-current physical assets of the Company are to be depreciated in accordance with applicable accounting standards and legislation.

Disclosure. Depreciation is recorded as an expense of the reporting period and is disclosed as such in the annual financial statements.

The accumulated value of depreciation is to be separately disclosed as a deduction from the relevant asset class in the financial statements.

Revalued assets. Where an asset has been revalued, depreciation charges subsequent to revaluation are to be based on the revalued amount.

AMORTISATION

Intangible assets. An intangible asset is a non-current asset that is not physical in nature but that provides future economic benefits to the Company. An intangible asset derives its value from the special rights that possession and use confer to the Company as the owner. Examples include patents, trademarks, copyrights, capitalisation of software and brand names.

Intangible assets are to be amortised over the useful life of the asset as expected to be used by the Company.

Recognition and disclosure. At the end of each reporting period, the amortisation is to be charged against the relevant assets and recognised in the financial statements of the Company.

The accumulated value of amortisation is to be separately disclosed as a deduction from the relevant asset class in the financial statements.

Interest on Borrowings

Interest on Borrowings

OVERVIEW

Interest is the amount of money paid by the Company to compensate a lender for the use of borrowed funds.

INTEREST

Loan agreement and repayment schedule. The frequency and amount of interest charged on borrowings should be in accordance with the documented loan agreement, and repayments should be agreed between the Company and the lender.

The Board of the Company is responsible for negotiating and agreeing on terms and conditions of borrowings. The Company is also responsible for the accurate calculation and timely remittance of interest due to lenders for borrowings.

Payment. Interest payments are to be calculated in accordance with the loan agreement or repayment schedule, and checked and certified by the Accountant.

Payment of interest is to be made by the agreed due date.

Recognition. All interest on borrowings is to be recognised as an expense. Interest incurred but not paid is to be recognised as an expense and a liability.

At the close of the financial year, the amount of interest accrued but not paid is to be calculated and recognised as an expense and liability in the financial statements.

Security and Control

OVERVIEW

Security and control policies for expense records and associated documents are required to ensure the safekeeping of accounting records and prevent the fraudulent use or misuse of such documents that may result in a loss to the Company. The policies also maintain the integrity of the Company's financial information and minimise the opportunity for the misconduct of officers.

Examples of expense records and forms to which this policy applies include:

- Accounting records (payment vouchers and the like)
- Cheques.

The Accountant is responsible for the implementation and maintenance of adequate Security and control policies for expenses.

GENERAL POLICIES

Accounting records. All accounting records relating to the expenses of the Company must be controlled and secured at all times.

Segregation of duties. Duties of officers in relation to expense functions will be adequately segregated to the extent that the opportunity for misconduct is minimised.

Confidentiality. Confidentiality of expense information is to be maintained by all officers.

ACCOUNTING RECORDS

Security. All accounting records, whether computerised or otherwise, are to be kept secure and protected from unauthorised access and alteration.

Security of records will be ensured by:

- Restricting access to only authorised personnel
- Securing the location where records are held (e.g. locked room)
- Registering the authorised removal of documents from the storage area for official purposes.

Ink. All accounting records that are maintained in hard copy must be printed, typed or written in permanent ink.

Corrections. When an alteration is to be made to a hard copy accounting record, the incorrect entry will be ruled through, initialled and dated. Correction fluid is not acceptable.

Security and Control

Recovery. The Company must have procedures in place to ensure the recovery of records and the ability to continue normal operations when accounting records are lost through circumstance beyond its control.

CHEQUES

Use. The receipt, issue and use of official cheques are to be documented at all times.

Cheque signing machine. Access to and the use of a cheque signing machine are to be monitored and controlled to ensure no unauthorised use occurs.

Recognition in the accounts. Cheques drawn for accounts certified and passed for payment will be immediately recognised in the accounting records.

SYSTEM SECURITY

Procedures. Security control procedures shall exist to ensure system security and the integrity of information against vandalism, theft, loss, unauthorised access, disaster and the like.

The Accountant, shall be responsible for the regular review of users to ensure access and security profiles are authorised.

State Purchasing Policy

Second edition, published 2004



*better purchasing,
better outcomes*

Foreword

Queensland's new State Purchasing Policy is leading the way in Australia by directly linking the State Government's purchasing power to the Government's priorities.

The Queensland Government spends around \$6 billion a year on goods and services, with an additional \$4.5 billion on capital assets/works (property, plant and equipment).

This new Policy – for the first time – harnesses that spending power and gives Government agencies much greater flexibility to buy locally.

This new Policy shifts the focus away from processes, paperwork and red tape and puts it squarely on fulfilling the Government's priorities, especially in relation to jobs and regional development.

The new State Purchasing Policy has been developed through a process of extensive consultation with industry.

It is a Policy that makes doing business with the Queensland Government much easier while providing a better deal for manufacturers, suppliers and taxpayers.



ROBERT SCHWARTEN MLA

Minister for Public Works, Housing and Racing

Explanatory notes

Overview

Queensland Government purchasing is important because spending on goods and services totals about \$6 billion each year, with an additional \$4.5 billion on capital assets/works (property, plant and equipment). At an individual agency level, purchased goods and services may account for between about 20% and 80% of an agency's total expenditure. The purchasing activities of the Queensland Government therefore have significant economic and budgetary implications. The State Purchasing Policy aims to ensure that the benefits of Government purchasing are maximised.

Benefits of this Policy

This Policy provides a range of benefits:

For Government:

- linking agency procurement activities and the Government's priorities;
- focusing procurement on outcomes rather than on process;
- increasing autonomy and greater accountability for agencies in managing their own procurement activities;
- aligning agency procurement planning with business planning;
- reducing costs; and
- enhancing the strategic procurement expertise within agencies.

For industry:

- maximising opportunities for Queensland businesses to supply the Queensland Government by:
 - encouraging strategic thinking about how to advance Government priorities through procurement;
 - alerting officers who purchase to the need to understand the markets in which they buy and thereby be aware of opportunities for local business and industry; and
 - communicating anticipated future purchasing requirements through forward procurement schedules to assist local suppliers to identify opportunities.

- encouraging devolution of purchasing decisions to the lowest possible geographical level for a range of low value goods and services that are easy to purchase, resulting in more business for firms in regional Queensland; and
- reducing unnecessary bureaucratic process in dealing with Government purchasing.

For taxpayers:

- social, economic and environmental benefits for the community.

Compliance with this Policy

Compliance with this Policy is required by a Cabinet decision.

Policy objectives

The Policy has three equally ranking objectives:

- to advance Government priorities;
- to achieve value for money; and
- to ensure probity and accountability for outcomes.

Each agency should use its best endeavours to ensure that competitive local business and industry is given a full, fair and reasonable opportunity to supply the Queensland Government.

Taking advantage of the opportunities that arise to meet the Policy objectives requires agencies to:

- use a wider definition of ‘value for money’ that includes requirements to consider the contribution of the procurement to advancing State Government priorities;
- plan procurement to achieve the objectives of the Policy;
- understand the nature of their procurement and the key markets from which they buy as a basis for identifying opportunities to advance Government priorities; and
- be accountable for the outcomes of their procurement.

Maximising purchasing outcomes

The State Purchasing Policy encourages agencies to maximise the benefits of their purchasing based on an understanding of the nature of what they actually buy. It allows agencies to apply different strategies consistent with the objectives of the Policy to different categories of goods and services. This means that agencies can seek out and capitalise on various opportunities to meet the objectives of the Policy.

Guide to documentation

The State Purchasing Policy and associated documentation consists of:

- the Policy itself including its intent, objectives, operation and administration;
- Foundation Concepts that explain the Policy objectives and Operational Concepts that outline how to apply operational aspects of the Policy;
- Agency Purchasing Procedures that are provided by each agency to outline their purchasing systems and practices; and
- a series of stand-alone *Better Purchasing Guides* that assist agencies and suppliers to understand Government purchasing practice including the following:

Advancing Government priorities

- *Advancing Government Priorities through Purchasing*
- *Environmentally Friendly Purchasing*
- *How to do Business with the Queensland Government*

Value for money

- *Value for Money*

Probity and accountability for outcomes

- *Probity and Accountability in Purchasing*
- *Managing Complaints about Purchasing*

Procurement planning

- *Corporate Procurement Planning*
- *Planning for Significant Purchases*

Analysing supply markets

- *Analysing Supply Markets in Purchasing*

Managing arrangements with suppliers

- *Developing and Managing Arrangements with Suppliers*
- *Inviting Offers*
- *Developing Specifications for Purchasing*
- *Evaluating Offers for Purchasing*
- *Negotiations in Purchasing*

Managing and monitoring suppliers' performance

- *Managing and Monitoring Suppliers' Performance*
- *Industrial Issues in Supplier Selection and Management*
- *Prequalifying Suppliers*
- *The Queensland Government's Quality Assurance Policy*
- *Engaging and Managing Consultants*

Purchasing skills development

- *Developing Skills for Purchasing*

Developing purchasing procedures

- *Developing "Agency Purchasing Procedures"*

Other

- *Leasing in the Queensland Public Sector*

- *Disposal of Government Plant and Equipment*
- *Intellectual Property in Purchasing*
- *The "10% Training Policy" for Queensland Government Building and Construction Contracts*
- *Indigenous Employment Policy for Queensland Government Building and Construction Contracts*

All officers who purchase need to be familiar with the State Purchasing Policy and their own Agency Purchasing Procedures. It is not necessary for all officers involved in purchasing to read all *Better Purchasing Guides*. However, three guides with which all officers who purchase should be completely familiar include:

- *Advancing Government Priorities through Purchasing;*
- *Value for Money;* and
- *Probity and Accountability in Purchasing.*

Other relevant policies

There are also related Government Policy frameworks with which officers involved in purchasing building construction and maintenance, civil construction and information technology and telecommunications should be familiar. These are:

- the Capital Works Management Framework and the Maintenance Management Framework administered by the Building Division of the Department of Public Works;
- the Government Building and Construction Contracts Structured Training Policy administered by the Department of Employment and Training;
- the Art Built-in Policy administered by Arts Queensland;
- the Quality Assurance Policy administered by the Department of Public Works; and
- Information and Communication Technology (ICT) Purchasing Framework administered by the Department of Public Works.

In addition officers involved in major projects valued at \$5 million and over, or that are of regional or strategic significance, must comply with the Local Industry Policy administered by the Department of State Development and Innovation.

Assistance with implementation of the Policy

The Department of Public Works, through Queensland Purchasing, provides a range of assistance with implementation of the State Purchasing Policy including:

- procurement management development projects to assist agencies to secure the necessary management information to undertake corporate procurement planning;
- procurement education and training programs;
- a certification system that helps agencies ascertain that officers involved in purchasing have the appropriate skills to implement the Policy;
- seminars on key aspects of the Policy for officers involved in procurement;
- seminars for suppliers throughout the State;
- dedicated services of the Industry Capability Network Qld that helps agencies to identify supply opportunities for local business and industry; and
- monitoring implementation of the Policy.

State Purchasing Policy

TABLE OF CONTENTS

1. Policy intent.....	8
2. Objectives	8
3. Operation.....	9
4. Administration.....	10
Schedule A -Whole-of-Government priorities.....	12
Schedule B - Other relevant policies	14
Schedule C - Staged implementation.....	14
Schedule D - Application of the Policy to Government Owned Corporations.....	15

1. Policy intent

1.1 Statement of intent

The Queensland Government has identified a number of whole-of-Government priorities and outcomes for policy and service delivery. Agencies must seek to use their purchasing activities to advance Government priorities while achieving value for money with probity and accountability. In doing so, each agency should use its best endeavours to ensure that competitive local firms that comply with relevant legislation are given a full, fair and reasonable opportunity to supply the Queensland Government.

2. Objectives

2.1 Statement of objectives

The objectives of the State Purchasing Policy are to:

- advance Government priorities;
- achieve value for money; and
- ensure probity and accountability for outcomes.

2.2 Government priorities

Each agency must seek to advance Government priorities. These priorities define the Government's commitment to advance, through its purchasing, certain social, economic and environmental objectives. The priorities of the Government of the day are set out in Schedule A.

2.3 Value for money

Each agency must seek to obtain value for money in its purchasing of goods and services. The concept of value for money is not restricted to price alone. The value for money assessment must include consideration of:

- contribution to the advancement of Government priorities;
- non-cost factors such as fitness for purpose, quality, service and support; and
- cost related factors including whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal.

2.4 Probity and accountability for outcomes

An agency must conduct its purchasing activities with the utmost probity. Some relevant probity and accountability requirements are set out in legislation. Each agency is to ensure that its purchasing is carried out in accordance with such obligations as may be placed upon it by the:

- *Financial Administration and Audit Act (Qld) 1977*;
- Financial Management Standard (Qld) 1997;
- *Public Sector Ethics Act (Qld) 1994*; and
- such other legislative or Government policy obligations as may from time to time apply to the purchasing activities of the agency.

3. Operation

3.1 Procurement planning

An important preliminary part of the deliberative process of achieving the objectives of this Policy is procurement planning. Procurement planning facilitates a structured and considered approach to purchasing.

Procurement plans set out:

- the objectives to be achieved through the agency's purchasing activities consistent with the objectives of this Policy;
- how the agency will meet its specified objectives; and
- mechanisms through which the achievement of the agency's purchasing objectives will be measured.

Procurement planning must be based on an analysis of the agency's purchasing patterns and supply markets. Inter alia, agencies should use supply market analysis in an effort to identify possible opportunities for local suppliers.

Planning must be undertaken at both the corporate level and in relation to significant individual purchases. Each agency must prepare:

- an annual corporate procurement plan; and
- plans when purchasing goods and services that have been identified by the agency as being of high relative expenditure and/or for which supply is difficult to secure (significant purchases).

Each agency must publish a forward procurement schedule outlining anticipated significant purchases.

3.2 Devolution of certain purchasing decisions and associated budgets

Each agency must devolve to the lowest practical geographical level purchasing decision-making and associated budgets for goods and services that the agency assesses are of low relative expenditure and for which supply is easy to secure.

This does not preclude devolution of purchasing decision-making and associated budgets for goods and services that are not in this category.

3.3 Agency Purchasing Procedures

The accountable body or person must issue Agency Purchasing Procedures consistent with this Policy which guide officers concerning purchasing systems and practices within the agency. These procedures are to be based on information provided in the *'Developing "Agency Purchasing Procedures"' Better Purchasing Guide*.

3.4 Consistency with other obligations

The Policy is to be construed as subject to and limited by other legislation, policy and agreements including but not limited to the following:

- Government Procurement Agreement (between the Commonwealth, all States, the Northern Territory, the A.C.T and New Zealand); and
- National Competition Policy and related legislation and agreements including the *Trade Practices Act 1974*.

Other policies relevant to Government purchasing as determined by Cabinet from time to time are set out in Schedule B.

Agencies should be mindful of key Government policies concerning regional and industry development, employment and training that impact on Government purchasing.

3.5 *Intra-governmental purchasing activities*

This Policy preserves the right of each agency to deal directly with competitively neutral commercialised business units of their own agency or other agencies that are acting for the Crown in the same right of the State of Queensland without the requirement to comply with formal processes such as tendering.

3.6 *Complaint processes*

Agencies must develop and maintain arrangements for addressing complaints and concerns raised by suppliers or members of the public about the conduct of their purchasing activities.

In the first instance, issues about the conduct of purchasing activities should be dealt with by the agency concerned.

Where it is not possible to resolve issues directly with the agency concerned, then matters may be referred to:

- the Department of Public Works; or
- the Queensland Ombudsman.

Allegations of official misconduct should be referred to the Crime and Misconduct Commission. Official misconduct is corrupt or other serious misconduct by a public sector officer relating to the performance of the officer's duties. The conduct must:

- be dishonest or lack impartiality; or
- involve a breach of trust; or
- be a misuse of officially obtained information.

The conduct must be serious enough to be a criminal offence or to justify dismissal. Official misconduct also includes conduct by anyone who seeks to corrupt a public officer.

4. *Administration*

4.1 *Financial Management Standard (Qld) 1997*

The Financial Management Standard (Qld) 1997 makes reference to this Policy.

4.2 *Audit*

Compliance with the Policy by agencies is subject to audit by the Queensland Audit Office as part of the normal program of audits.

4.3 *Roles and responsibilities*

Ministerial responsibility

The Minister for Public Works, Housing and Racing is the Minister responsible for the State Purchasing Policy.

The Minister for State Development and Innovation has responsibility for business, industry and regional development issues relevant to this Policy.

Other Ministers may also have responsibility for particular purchasing-related activities.

State Purchasing Advisory Council

The State Purchasing Advisory Council advises the Minister for Public Works, Housing and Racing on strategic matters relating to Government purchasing.

Departmental roles and responsibilities

The Department of Public Works is responsible for procurement policy and practice development. This is a facilitating role that includes assisting in the development of the purchasing capabilities of all agencies to which this Policy applies.

This role includes:

- monitoring implementation of the Policy;
- commenting on draft agency corporate procurement plans;
- reporting bi-annually on the implementation of the Policy to the Minister for Public Works, Housing and Racing;
- reporting annually on the effectiveness of the Policy through the Director-General to the Chief Executive Officer's Forum;
- providing a purchasing training and certification regime;
- advising agencies and suppliers on the application of the Policy; and
- assisting suppliers and members of the community who raise issues about the purchasing activities of agencies where such matters cannot be resolved by the agency concerned.

The Department of State Development and Innovation is responsible for business, industry and regional development issues in the State Purchasing Policy. This role includes:

- commenting on draft agency corporate procurement plans in parallel with the Department of Public Works;
- being consulted by agencies over the development of certain plans for significant purchases as may be identified from time to time by the Department of State Development and Innovation; and
- reporting to the Premier on an annual basis.

Other agencies may also have responsibility for particular, relevant activities.

The accountable body or person is responsible for implementation of the Policy in their agency.

4.4 Commencement date

This Policy shall take effect in stages as set out in Schedule C.

This Policy, upon coming into effect replaces the Queensland Government State Purchasing Policy introduced in May 1991.

4.5 Definitions

In this Policy:

“accountable body or person” means the accountable body or person of the department or the statutory body as defined in the *Financial Administration and Audit Act (Qld) 1977*;

“agency” means:

- a department or a statutory body as those expressions are defined in the *Financial Administration and Audit Act (Qld) 1977*; and
- any Government Owned Corporation and its subsidiaries where the Shareholding Ministers have given notification pursuant to s.123 of the *Government Owned Corporations Act 1993* as listed in Schedule D as published from time to time by the Department of Public Works.

“goods and services” include all property save for real property and all types of services including building and construction services;

“Government priorities” mean the priorities of the Government of the day contained in the schedule to this Policy and includes any changes as published in Schedule A from time to time by the Department of Public Works;

“Agency Purchasing Procedures” are agency specific procedures which set out how purchasing activities are to be conducted in compliance with the Policy;

“procurement” is the entire process by which all classes of resources (human, material, facilities and services) are obtained. This can include the functions of planning, design, standards determination, specification writing, selection of suppliers, financing, contract administration, disposals and other related functions;

“purchasing” includes the acquisition of goods and services through purchasing, leasing and licensing and this expression extends to standing offer or similar arrangements by which terms and conditions of purchase are determined; and

“other policies relevant to Government purchasing” means Government policies relating to purchasing as may be determined by Cabinet from time to time and includes any changes as published in the Schedule B from time to time by the Department of Public Works.

Schedule A

Government Priorities

Growing a diverse economy and creating jobs

- expand market access, export and trade opportunities
- create additional job opportunities and break the unemployment cycle
- maintain a competitive tax environment for business development and jobs growth
- ensure a fairer industrial relations system and improve workforce management by putting people, safe jobs and workplaces first
- diversify and strengthen the economy through value adding, productivity growth and the development of future growth industries

Realising the Smart State through education, skills and innovation

- implement education and training reforms and upgrade education and training facilities
- improve workforce skills for current and future needs by focusing on lifelong learning
- encourage world-class research that builds on Queensland's unique resources
- encourage and reward ideas, innovation, entrepreneurship and hard work across all sectors of the Queensland community, industry and government

Managing urban growth and building Queensland's regions

- support Queensland's regions through statewide infrastructure development and regional job creation
- ensure that acceleration growth in South-East Queensland is managed in an integrated and coordinated manner
- link Queensland through efficient and integrated transport options
- build on the strengths of Queensland's diverse regions

Improving health care and strengthening services to the community

- improve the standard and accessibility of hospital and health services
- support an increased quality of life through disease prevention and active participation
- develop and implement strategies to support Queensland families
- improve the lives of people with disability, their families and carers
- work with Aboriginal and Torres Strait Islander communities to improve economic and social wellbeing
- improve Queensland's access to affordable housing

Protecting our children and enhancing community safety

- reform the child protection system for the wellbeing of Queensland children
- implement strategies which contribute to safe communities
- address crime and the social and economic causes of crime
- minimise the risk and impact of accidents, emergencies and disasters

Protecting the environment for a sustainable future

- protect Queensland's unique environment and heritage assets
- promote sustainable development through responsible use of the State's resources
- encourage the development of environmentally sustainable industries and jobs
- protect Queensland's diverse plants and animals

Delivering responsive government

- engage communities in government decisions and processes
- ensure service provision is financially sustainable and that Total State Worth is at least maintained
- strengthen government policy development and implementation to focus on future policy challenges
- support a responsive public sector, focussed on improving government service delivery

Schedule B

Other relevant Policies

Local Industry Policy administered by the Department of State Development and Innovation.

Capital Works Management Framework and the Maintenance Management Framework administered by the Building Division of the Department of Public Works.

Government Building and Construction Contracts Structured Training Policy administered by the Department of Employment and Training.

Indigenous Employment Policy for Queensland Government Building and Construction Contracts administered by the Department of Employment and Training.

Art Built-in Policy administered by Arts Queensland.

Quality Assurance Policy administered by the Department of Public Works.

Information and Communication Technology (ICT) Purchasing Framework administered by the Department of Public Works.

Other relevant industrial relations and workplace health and safety Policies, including the *Industrial Relations Act 1999* and the *Workplace Health and Safety Act 1995* administered by the Department of Industrial Relations.

Schedule C

Staged implementation

This Policy shall take effect in stages as set out below.

PHASE 1 - from 1 July 2000

Public Works, Housing, Corrective Services, Police Service, State Development, Premier and Cabinet and Queensland Treasury.

- from 1 December 2000

Main Roads

PHASE 2 - from 1 July 2001

Remaining agencies

Schedule D

Application of the Policy to Government Owned Corporations

The Policy applies to the following Government Owned Corporations:
Industry Sector Government Owned Corporations

ENERGY

CS Energy Ltd
Enertrade
ENERGEX Ltd
Ergon Energy Corporation Limited
Powerlink Queensland
Stanwell Corporation Ltd
Tarong Energy Corporation Ltd

TRANSPORT

Queensland Rail
Ports Corporation of Queensland
Port of Brisbane Corporation
Bundarberg Port Authority
Cairns Port Authority
Gladstone Port Authority
Mackay Port Authority
Rockhampton Port Authority
Townsville Port Authority

OTHER CORPORATION

Golden Casket Lottery Corporation Ltd
Queensland Investment Corporation
SunWater

Key Policy concepts

TABLE OF CONTENTS

Introduction	18
Foundation Concepts	
Foundation Concept 1: Advancing Government priorities	19
Foundation Concept 2: Value for money	23
Foundation Concept 3: Probity and accountability for outcomes	25
Operational Concepts	
Operational Concept 1: Procurement planning.....	26
Operational Concept 2: Analysing supply markets in purchasing.....	28
Operational Concept 3: Developing and managing arrangements with suppliers	29
Operational Concept 4: Managing and monitoring suppliers' performance ..	30
Operational Concept 5: Developing purchasing skills	31
Operational Concept 6: Developing Agency Purchasing Procedures	32

Introduction

Key Policy concepts

This document provides information to assist agencies to understand the Foundation and Operational Concepts related to meeting the objectives of Queensland Government purchasing.

Foundation Concepts are:

- advancing Government priorities;
- value for money; and
- probity and accountability for outcomes.

Operational Concepts include:

- procurement planning;
- analysing supply markets in purchasing;
- managing arrangements with suppliers;
- managing and monitoring suppliers' performance;
- developing purchasing skills; and
- developing Agency Purchasing Procedures.

Foundation Concept 1: Advancing Government priorities

1. Overview

The objectives of the State Purchasing Policy include advancing the priorities of the Government of the day. The seven priorities and accompanying outcomes of the Government of the day are as follows:

Government priorities	Government assigned outcomes
Growing a diverse economy and creating jobs	<ul style="list-style-type: none"> • expand market access, export and trade opportunities • create additional job opportunities and break the unemployment cycle • maintain a competitive tax environment for business development and jobs growth • ensure a fairer industrial relations system and improve workforce management by putting people, safe jobs and workplaces first • diversify and strengthen the economy through value adding, productivity growth and the development of future growth industries
Realising the Smart State through education, skills and innovation	<ul style="list-style-type: none"> • implement education and training reforms and upgrade education and training facilities • improve workforce skills for current and future needs by focusing on lifelong learning • encourage world-class research that builds on Queensland's unique resources • encourage and reward ideas, innovation, entrepreneurship and hard work across all sectors of the Queensland community, industry and government
Managing urban growth and building Queensland's regions	<ul style="list-style-type: none"> • support Queensland's regions through statewide infrastructure development and regional job creation • ensure that acceleration growth in South-East Queensland is managed in an integrated and coordinated manner • link Queensland through efficient and integrated transport options • build on the strengths of Queensland's diverse regions

<p>Improving health care and strengthening services to the community</p>	<ul style="list-style-type: none"> • improve the standard and accessibility of hospital and health services • support an increased quality of life through disease prevention and active participation • develop and implement strategies to support Queensland families • improve the lives of people with disability, their families and carers • work with Aboriginal and Torres Strait Islander communities to improve economic and social wellbeing • improve Queensland's access to affordable housing
<p>Protecting our children and enhancing community safety</p>	<ul style="list-style-type: none"> • reform the child protection system for the wellbeing of Queensland children • implement strategies which contribute to safe communities • address crime and the social and economic causes of crime • minimise the risk and impact of accidents, emergencies and disasters
<p>Protecting the environment for a sustainable future</p>	<ul style="list-style-type: none"> • protect Queensland's unique environment and heritage assets • promote sustainable development through responsible use of the State's resources • encourage the development of environmentally sustainable industries and jobs • protect Queensland's diverse plants and animals
<p>Delivering responsive government</p>	<ul style="list-style-type: none"> • engage communities in government decisions and processes • ensure service provision is financially sustainable and that Total State Worth is at least maintained • strengthen government policy development and implementation to focus on future policy challenges • support a responsive public sector, focussed on improving government service delivery

2. Using purchasing to advance Government priorities

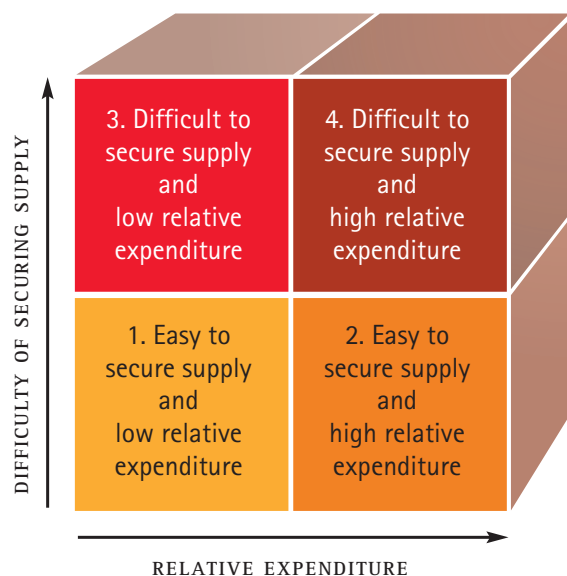
By analysing their purchasing patterns, suppliers and supply markets, agencies can identify opportunities for advancing Government priorities.

This analysis requires agencies to understand the nature of their purchasing. Two major factors influence the nature of Government purchasing:

- (a) the “difficulty of securing supply” of goods and services which means:
- the degree to which the goods or services present risks or are critical to the agency; as well as
 - the extent to which a competitive supply market for the goods or services exists; and
- (b) the relative expenditure for the good and services - which means their cost relative to the total purchasing expenditure of an agency.

When the total expenditure of an agency on goods and services is analysed, an agency’s purchasing can be segmented into four categories.

These categories are depicted in the following diagram.



Purchases of goods and services in categories 2, 3 and 4 are significant purchases.

1. Easy to secure supply and low relative expenditure

Goods and services with a low degree of “difficulty of securing supply” and a low expenditure relative to total procurement spend. These items collectively make up a relatively small proportion of the total expenditure on purchased items.

2. Easy to secure supply and high relative expenditure

Goods and services with a low degree of “difficulty of securing supply” and a high expenditure relative to total procurement spend. These items collectively make up about a quarter of the total expenditure on purchased items.

3. Difficult to secure supply and low relative expenditure

Goods and services with a high degree of “difficulty of securing supply” and a low expenditure relative to total procurement spend. These items collectively make up a very small proportion of the total expenditure on purchased items.

4. Difficult to secure supply and high relative expenditure

Goods and services with a high degree of “difficulty of securing supply” and a high expenditure relative to total procurement spend. These items collectively make up over half of the expenditure on purchased items.

3. Different opportunities for advancing Government priorities

Different opportunities for advancing Government priorities arise in each of the four categories of purchasing. Some of these opportunities are outlined in the table on the following page.

For more information refer to the ‘*Advancing Government Priorities through Purchasing*’ *Better Purchasing Guide*.

Nature of purchasing	Characteristics	Opportunities to advance Government priorities
<p>1. Easy to secure supply and low relative expenditure</p>	<p>Goods and services in this category are usually very low value. These goods and services can be routinely purchased or purchased ad hoc. They are generally goods and services for which demand cannot be aggregated to establish standing offers. The transaction costs associated with purchasing them may be of greater cost than the items themselves.</p> <p>Generally there are competitive local supply markets for goods and services in this category even at the local level.</p>	<p>Devolve purchasing decision-making and associated budgets to the lowest practical geographical level. This is the most effective and efficient way to buy goods and services in this category. This approach is likely to enhance employment in the local retail and services sectors.</p>
<p>2. Easy to secure supply and high relative expenditure</p>	<p>Goods and services in this category are commonly used across the State, often in high volumes but with sometimes low value individual transactions. There are often whole-of-Government or whole-of-agency arrangements for supply of these goods and services.</p> <p>Purchasing strategies in this category aim to ensure that total costs, including the costs of the goods or services and transaction costs, are reduced.</p> <p>There may be a need to address environmental issues about disposal, waste management, recycling, handling or storage.</p>	<p>Ensure that supply arrangements include consideration of local access and/or distribution. This promotes employment in regional areas in distributors or service outlets.</p> <p>There are also some opportunities to promote use of electronic commerce that may have the benefit of advancing knowledge-intensive local industries.</p> <p>There is potential to advance environmental priorities.</p>
<p>3. Difficult to secure supply and low relative expenditure</p>	<p>Goods and services in this category are usually highly specialised and there are often very few potential suppliers.</p> <p>Purchasing strategies for securing supply in this category generally focus on reducing the agency's vulnerability in the market by actively identifying alternative sources of supply or changing the demand requirements of the agency.</p>	<p>In this category there are opportunities to leverage local industry development as part of a strategy to broaden potential sources of supply. There is the potential to enhance local employment and/or to develop local value adding or knowledge-intensive industries.</p>
<p>4. Difficult to secure supply and high relative expenditure</p>	<p>Goods and services in this category are often a complex 'bundle' or 'package' of services and associated goods that are critical to the service delivery of the agency.</p> <p>Long-term relationships with suppliers are common. Supplier attitudes to the agency as a customer are often crucial to the value the customer agency will derive from the delivery of the goods and/or services.</p>	<p>Careful consideration of the 'bundling' of services, or of project delivery methods, may identify opportunities to encourage the participation of local firms, especially those that are most likely to value the agency as a customer. This approach is likely to promote local employment opportunities as well as value adding and knowledge intensive industry development.</p>

Foundation Concept 2: Value for money

1. Overview

Ensuring value for money is one of the three objectives of the State Purchasing Policy. Price is not the sole indicator of value.

Value for money is a way of comparing alternatives for the supply of goods and services. Assessing value for money includes consideration of a number of factors. These include the contribution to the advancement of Government priorities, cost related factors such as whole-of-life and transaction costs as well as non-cost factors such as fitness for purpose, quality, service and support.

Government purchasing must achieve the best return and performance for the money being spent.

2. Strategies for achieving value for money

The strategies that will realise best value for money will depend on the nature of the purchase.

Purchasing by an agency falls into the four categories outlined in *Foundation Concept 1: Advancing Government Priorities*. The implications for value for money in each of these categories are identified in the table below.

Purchases in the three categories for which supply is difficult to secure and/or the goods and services are of high relative expenditure (significant purchases) will generally require a detailed analysis and evaluation of the factors contributing to value for money.

Nature of purchasing	Implications for value for money
1. Easy to secure supply and low relative expenditure	Secure value for money by minimising process related costs. The requirements for assessing value for money in this category are generally not onerous and are to be undertaken in accordance with the agency's purchasing procedures.
2. Easy to secure supply and high relative expenditure	Secure value for money by minimising process-related costs through effective electronic interfaces with suppliers and by negotiating price reductions based on volume sales.
3. Difficult to secure supply and low relative expenditure	Secure value for money by reducing exposure to limited sources of supply.
4. Difficult to secure supply and high relative expenditure	Secure value for money primarily by effective supplier relationship management through which the value of technology, innovation and continuous improvement is achieved. Value for money results are likely to improve where costs of offering/tendering are considered and reduced. High-level purchasing and contract management skills will improve value for money outcomes.

3. *Assessing value for money*

In assessing value for money agencies must consider the following:

- the contribution to be made to the advancement of Government priorities (listed in *Foundation Concept 1: Advancing Government Priorities*);
- non-cost factors such as fitness for purpose, quality, service and support; and
- whole-of-life costs including the internal processing costs of acquiring, using, maintaining and disposing of the good or service.

The relative importance given to each of these elements when making a value for money decision will flow from the supply strategies developed as part of the agency's procurement planning process. These supply strategies may be developed for both individual purchases and for particular categories of purchases.

4. *Contribution to advancing Government priorities*

The State Purchasing Policy requires agencies to undertake their purchasing functions in a manner that supports and contributes to the achievement of Government priorities. These priorities define the Government's commitment to advance, through its purchasing, certain social, economic and environmental objectives.

In determining value for money, agencies must consider the contribution of their purchasing to the advancement of the Government's priorities. This will occur at different parts of the purchasing process for different types of goods and services. For example:

- Government priorities may be addressed by the way in which agencies determine that whole categories of their purchasing are to be undertaken. For example, by devolving all purchasing and associated budgets to the lowest practical geographical level for goods and services that are low relative expenditure and for which supply is easy to secure. This results in advancing the priority of "building Queensland regions". Selection of suppliers is then based on other value for money considerations;

- initiating a supplier development program fosters certain supplier capabilities and thereby may advance Government priorities related to business and industry development. Invitations to offer may be limited to participating suppliers who can then be selected on the basis of cost and non-cost factors alone;
- for significant purchases, careful consideration of specifications is a means of assisting the agency to advance Government priorities. For example, specifications may be written in a way that maximises local business and industry opportunities to supply. Evaluation can then be limited to other value for money considerations;
- in evaluating competing offers, including and weighting evaluation criteria related to Government priorities is a way to advance certain priorities through the purchase; and
- achieving value for money by establishing a supplier performance monitoring and management regime may also facilitate building the capability of local suppliers and thereby advance certain Government priorities.

5. *Non-cost factors*

Non-cost factors include:

- fitness for purpose;
- technical and financial issues;
- risk exposures;
- the benefits to be obtained from the purchase;
- availability of maintenance and support; and
- compliance with specifications where relevant.

6. Cost related factors

In assessing value it is necessary to determine all significant costs associated with the goods and/or services being purchased.

Whole-of-life costs

These costs include the initial purchase cost as well as costs arising from holding, using, maintaining and disposing of the goods or services.

Transaction costs

It is necessary to recognise the transaction costs associated with purchases. Transaction costs include all costs internal to the agency arising from:

- establishing the need for the purchase;
- planning for the purchase;
- identifying sources of supply;
- approaching the market to seek supply;
- selecting suppliers;
- ordering and processing payments; and
- managing relationships with suppliers including supplier performance monitoring and management.

For more information, refer to the *'Value for Money' Better Purchasing Guide*.

Foundation Concept 3:

Probity and accountability for outcomes

1. Overview

Ensuring probity and accountability within the Government purchasing process is one of the three objectives of the Policy.

Probity requires the purchasing process to be conducted:

- ethically;
- honestly; and
- with fairness to all participants.

Some probity obligations are legally required. These include obligations imposed by the *Financial Administration and Audit Act (Qld) 1977* and the *Financial Management Standard (Qld) 1997* (as amended).

Accountability is the obligation to be able to explain or account for the way particular duties have been performed. Accountability for outcomes is about being able to explain or account for how the purchase has achieved its anticipated outcomes. Accountability is a fundamental element of the Government purchasing process because the Executive Government is accountable to Parliament for the use of public funds. In the context of the State Purchasing Policy, the obligation includes being able to explain how an agency has achieved its purchasing objectives in a manner consistent with the objectives of the Policy.

2. Probity and accountability for outcomes in purchasing management

The procurement planning process must include strategies that ensure probity and accountability within all aspects of the conduct of the agency's purchasing function. This covers two main areas:

- corporate procurement planning; and
- planning for significant purchases.

These issues are examined in greater detail in *Operational Concept 1: Procurement Planning*.

Corporately, to assist in achieving probity and accountability for outcomes, agencies may consider planning to:

- include the achievement of probity and accountability as a fundamental objective;
- promote an ethical culture; and
- promote a culture of fair dealing.

For example, this may be achieved by planning which includes:

- consistency with lines of responsibility and delegations;
- the meaningful measurement of an agency's purchasing objectives against relevant performance indicators; and
- establishing strategies to ensure appropriate purchasing related skills are developed.

In the context of a particular purchase, agencies may consider:

- establishing means of measuring the achievement of the objectives of the particular purchase;
- clearly establishing who is responsible for different aspects of undertaking the purchase; and
- gathering sufficient information to enable the purchase to be scrutinised.

For more information, refer to the '*Probity and Accountability in Purchasing*' *Better Purchasing Guide*.

Operational Concept 1: *Procurement planning*

1. Overview

Effective procurement planning provides an agency with the strategies to advance Government purchasing objectives.

Procurement planning must focus on:

- advancing Government priorities;
- achieving value for money; and
- ensuring probity and accountability.

Procurement planning has two aspects:

- corporate procurement planning; and
- planning for significant purchases.

In addition, agencies must publish forward procurement schedules outlining anticipated purchases for which supply is difficult to secure and/or the goods and services are of high relative expenditure (significant purchases).

2. Corporate procurement planning

The purpose of corporate procurement planning is to enable an agency to meet its specific purchasing objectives, as well as the broader priorities of the Government. Corporate procurement planning is a strategic process that includes the following activities:

- specifying the objectives to be achieved through the agency's purchasing activities consistent with the objectives of the State Purchasing Policy;
- categorising goods and services according to relative expenditure and difficulty in securing supply;
- providing information on past and projected purchasing expenditure;
- identifying the risk associated with every category of goods and services purchased;

- analysing the key supply markets from which the agency will be purchasing;
- assessing the impact of the agency's purchasing activities on its key supply markets;
- identifying strategies for developing key supply markets where these markets are not meeting the agency's needs;
- setting out buying strategies for each category of goods or services which the agency purchases;
- setting out strategies to ensure the agency develops the necessary purchasing related skills to meet its purchasing objectives; and
- specifying how the achievement of the agency's purchasing objectives will be measured.

The corporate procurement planning process needs to encompass:

- administrative arrangements for the purchasing function;
- purchasing systems and processes; and
- acquisition, training, development, placement and retention of skilled purchasing staff.

It will also involve high level purchasing strategy activities, including:

- identifying the business needs and purchasing objectives of the agency;
- researching and analysing supply markets; and
- formulating strategies to ensure ongoing access to competitive and reliable supply.

3. *Planning for significant purchases*

Planning for significant purchases is a process focusing on management of a particular transaction such as a single high relative expenditure or 'difficult to secure supply' purchase.

Planning for significant purchases will require officers to:

- establish the objectives to be achieved from the purchase;
- specify how the purchase supports the achievement of agency purchasing objectives;
- establish the status of the supply market relevant to the area of purchasing and the likely impact the purchase will have on the market;
- evaluate potential buying strategies and identify the preferred strategy to be followed;
- specify contract/supplier management arrangements; and
- specify how the achievement of the objectives of the purchase will be measured.

Planning for significant purchases may include decisions on purchasing options and issues such as:

- procurement marketing (improving the profile/leverage of the agency in the supply market);
- reverse marketing (developing new supplier capabilities);
- supplier conditioning (preparing suppliers to accept Government purchasing strategy); and
- partnering (working with suppliers over the long-term to achieve joint objectives).

For more information, refer to the '*Corporate Procurement Planning*' and '*Planning for Significant Purchases*' Better Purchasing Guides.

Operational Concept 2: Analysing supply markets

1. Overview

Analysing supply markets is conducted for purchases for which supply is difficult to secure and/or the goods and services are of high relative expenditure (significant purchases).

Analysing supply markets enables the agency to get to know and understand how the market works, the direction in which it is heading, the key suppliers and the value they place on the agency as a customer.

2. Elements of analysing supply markets

The key elements include:

- understanding the nature of key supply markets from which the agency will be purchasing;
- establishing the position of the agency in the supply market relevant to the area of purchasing; and
- assessing the impact of the agency's purchasing activities on these key markets.

3. Analysing supply markets

The analysis of supply markets includes the following:

3.1 Defining the supply market and the industry

A supply market includes the parts of a market that compete against each other to deliver a certain goods and/or services. For example, the travel market will include the rail, air, bus and travel agency suppliers. It is also usual to consider geographical market segments.

Defining the market assists an agency to understand the competitive relationships of suppliers and identify alternative goods and/or services. Defining the industry allows a more precise analysis of available information and data.

3.2 Understanding the competitiveness and reliability of the supply market

Understanding the competitiveness and reliability of the relevant supply market may involve information on:

- the number of suppliers and their respective market shares;
- substitute or alternative goods and/or services;
- the degree and type of competition between suppliers;
- the nature and quality of the supply chain;
- the agency's value as a customer; and
- environmental factors affecting the supply market.

3.3 Intelligence building and information audit trail

The use of supply market analysis in procurement planning also results in a bank of market, industry and supplier intelligence as well as an audit trail of decision-making.

For more information, refer to the '*Analysing Supply Markets for Purchasing*' *Better Purchasing Guide*.

Operational Concept 3:

Developing and managing arrangements with suppliers

1. Overview

A purchasing agency will have a variety of arrangements in place with different suppliers. The nature of these arrangements will depend on the nature of the purchase.

Different forms of management will be appropriate for different arrangements and will depend on the expenditure for and complexity of the arrangement and the nature of the purchase. For example, a complex, high expenditure contract, such as a large capital project, may require a full time contract manager. By contrast, a low risk routine purchase may require minimal management effort.

2. Elements of developing and managing supplier arrangements

Effective management of supplier arrangements has three phases.

2.1 Developing the arrangement

This involves:

- clearly identifying and justifying the need for the purchase and the arrangement;
- clearly specifying the agency's requirements to potential suppliers;
- obtaining the necessary approvals for proceeding with the arrangement;
- determining the type of arrangement to be put in place;
- developing proper invitation documents and inviting offers;
- evaluating offers;
- formalising the arrangement; and
- advising unsuccessful offerors.

2.2 Managing the arrangement

Active and ongoing management of the arrangement is critical to the success of the purchase. This includes:

- regularly reviewing the goods and/or services and the supplier's performance;
- ensuring performance milestones and standards are being met; and
- quick resolution of problems.

Regular and effective communication between the supplier and the agency is vital in this regard. Other issues requiring special consideration include payment methods, managing variations to the arrangement and record keeping.

2.3 Evaluating the supplier's performance and reviewing the process

Evaluation is an ongoing activity throughout the period of the arrangement. A means of measuring the supplier's performance must be completed early in the process.

For more information, refer to the '*Developing and Managing Arrangements with Suppliers*' *Better Purchasing Guide*.

Operational Concept 4:

Managing and monitoring suppliers' performance

1. Overview

Managing and monitoring suppliers' performance is important when purchasing goods and services for which supply is difficult to secure and/or the goods and services are of high relative expenditure (significant purchases). See *Foundation Concept 1: Advancing Government Priorities* for an explanation of these terms.

Suppliers' performance should be managed and monitored before, during and after the establishment of supply arrangements.

2. Why monitor suppliers' performance?

Sound supplier performance monitoring strategies can:

- assist agencies to reduce their internal transaction costs associated with purchasing;
- contribute to effective risk management;
- contribute towards the development of strategic relationships with suppliers;
- assist in developing supplier capability;
- assist in the development of supply chain management strategies; and
- improve supplier and purchaser performance.

3. Managing and monitoring suppliers' performance

3.1 Prior to establishing a supply arrangement

To establish an appropriate framework for managing and monitoring a supplier's performance, it is important that the agency has:

- determined the activities or characteristics which are critical to the success of the arrangement;

- developed a set of key performance indicators to measure the supplier's performance and the success of the arrangement;
- developed a review regime; and
- obtained acceptance from the supplier to the performance measures.

Specific audits prior to entering into the arrangement may also be necessary to assist an agency to effectively manage risks that are related to the supplier. These may be necessary where:

- the potential supplier is relatively unknown;
- the market is volatile; or
- the supplier has failed to deliver in the past.

3.2 During the term of the arrangement

Regular performance monitoring during the term of a contract is necessary for the agency to assess whether it is receiving value for money. It also allows any necessary remedial action to be taken at an early stage to optimise the performance of the arrangement.

The performance monitoring process will depend on the nature, complexity and expenditure for the arrangement. The process may involve:

- inspection and testing of goods or service delivery;
- regular scheduled meetings to review and discuss performance;
- spot checks; and
- collection of transaction-related management information.

Also, records of supplier performance need to be maintained. As well as providing the basis for payments, these records are essential in the resolution of disputes and in dealing with variations to an arrangement. The records can also provide useful information for future purchasing negotiations and decisions.

For more information, refer to the *'Managing and Monitoring Suppliers' Performance' Better Purchasing Guide*.

Operational Concept 5: Developing purchasing skills

1. Overview

Developing appropriate purchasing related skills is critical to ensuring that an agency has the capacity to meet its purchasing objectives and the objectives of the State Purchasing Policy.

2. Matching purchasing skills to the type of purchasing

Skills required to undertake purchasing vary according to the degree of difficulty involved in securing supply and the relative expenditure of the purchase.

3. Assessing skill levels

The levels of purchasing skills in an agency should be assessed to determine the match between the skills needed by the agency and the skills currently held within the agency. If a skills deficiency exists, then the agency needs to develop the appropriate skills.

4. Developing skills

An agency needs to set out strategies, as part of the procurement planning process, to ensure it develops the necessary purchasing skills to meet its purchasing objectives.

Strategies aimed at aligning skills with purchasing challenges include recruitment and selection, training and education, purchasing certification, job rotation and career path development.

For more information, refer to the 'Developing Purchasing Skills' Better Purchasing Guide.

Nature of purchasing	Types of skills required
1. Easy to secure supply and low relative expenditure	Requires skills relating to operating efficient purchasing arrangements and order and payment processing systems. These skills are generally of a clerical or administrative nature and are process-oriented.
2. Easy to secure supply and high relative expenditure	Requires a high level understanding of the nature of demand patterns including associated management information, the strategies of suppliers and tactics to obtain the best deal from the market. The level of skills required is high.
3. Difficult to secure supply and low relative expenditure	Requires advanced problem solving skills and a high level understanding of potential supplier capabilities, effective supplier performance and relationship management and the development of contingencies and demand management within the agency. The level of skills required is high.
4. Difficult to secure supply and high relative expenditure	Requires skills relating to analysing organisational needs and supply markets, an understanding of potential supplier capabilities, effective supplier performance and relationship management. The level of skills required is very high.

Operational Concept 6: Developing Agency Purchasing Procedures

1. Overview

Agency Purchasing Procedures are agency specific procedures that set out how purchasing activities are to be conducted in compliance with the Policy.

Agency Purchasing Procedures contribute to the achievement of Government purchasing objectives as outlined in the agency's procurement plan.

2. Elements of a template for Agency Purchasing Procedures

Agency Purchasing Procedures should be succinct but must include sufficient detail to provide guidance as to the procedures to be followed within agencies and the level of documentation and approvals required. In developing these procedures agencies will need to address the following:

- organising and managing the purchasing function;
- probity and accountability measures;
- information gathering and analysis;
- procurement planning; and
- buying strategies and practices.

2.1 Organising and managing the purchasing function

An agency needs to consider how best to group and coordinate its internal resources to manage its total purchasing spend on goods, services and capital works. This will vary according to the characteristics of the agency, its supply requirements and the nature of the markets in which it is buying. However, the following issues need to be considered:

- the needs of the agency;
- how purchasing can contribute to the performance of the agency;
- the integration of purchasing with the agency's other business practices;

- internal and external relationships;
- roles and responsibilities; and
- how clear lines of authority and accountability will be established.

2.2 Probity and accountability measures

Probity and accountability measures need to be built into an agency's purchasing procedures.

2.3 Information gathering and analysis

As a precursor to procurement planning and the development of buying strategies, an agency will need to have systems in place for gathering and analysing information on its purchasing activities.

2.4 Procurement planning

An agency will need to set out how it will develop and implement its corporate procurement plan and plans for significant purchases. In doing this it will need to consider the following:

- Who will have overall responsibility for procurement planning?
- Which staff (purchasing, technical, planning, financial) will be involved in the planning process and at what stage will they be involved?
- How will procurement planning be linked to the agency's broader strategic planning processes?
- How will probity and accountability measures be incorporated into the purchasing process?
- How will the following activities be undertaken and by whom:
 - identification and specification of the agency's purchasing objectives and performance measures;
 - coupling of these objectives to the broader Government priorities;
 - analysis of key supply markets and the impact the agency has on those markets;

- categorisation of goods and services according to relative expenditure and difficulty in securing supply;
- formulation of buying strategies for each category of goods and services;
- formulation of buying strategies for individual significant purchases;
- carrying out buying activities;
- development and management of arrangements with suppliers;
- authorisation and control of the activities of agency staff who undertake purchasing activities;
- assessment and, where appropriate, the implementation of programs to ensure that the agency has the necessary expertise to meet its purchasing objectives; and
- evaluation of the agency's purchasing performance.

- the need to take a particular course of action to support Government objectives;
- the internal systems in place to control and manage the agency's purchasing spend; and
- probity and accountability considerations.

For more information, refer to the *'Developing "Agency Purchasing Procedures"' Better Purchasing Guide*.

2.5 Buying strategies and practices

The agency's purchasing procedures should provide guidance on developing strategies to be used in approaching markets. A number of factors will impact on how many suppliers will need to be approached in a particular purchasing exercise, in what manner the agency will go to the market and the form of the arrangement that is intended to be established.

These factors are:

- the nature and complexity of the goods and services being acquired;
- the availability of the goods and/or services and the characteristics of the market;
- the importance of the goods and/or services to the agency;
- any action the agency may want to take to develop or otherwise influence the market;
- the whole-of-life costs of the goods and/or services;
- the transaction costs associated with undertaking the purchase;

Purchasing



BETTER

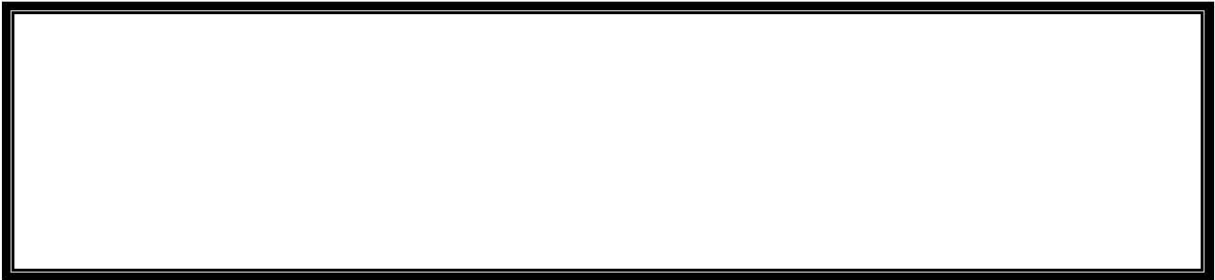
Queensland Purchasing
Department of Public Works
Telephone: 1800 631 991 (toll free)
Facsimile: 07 3224 7921
Email: betterpurchasing@qp.qld.gov.au
Website: www.qgm.qld.gov.au

The State Purchasing Policy is available at www.qgm.qld.gov.au

GREYHOUNDS QUEENSLAND LIMITED



POLICY and PROCEDURES MANUAL



GQL POLICY and PROCEDURES MANUAL

INDEX

Purpose:

Purpose of Manual

Overview of the GQL:

Objectives of the GQL

Role of the Board / General Manager

PART A

Corporate Employment Policy:

Air Travel

Anti-Discrimination including Sexual Harassment

Race Discrimination

Appointments (Recruitment and Promotion)

Best Practice

Casual Employment

Discipline

Email / Internet

Equal Employment Opportunity

Freedom of Information

Grievance and Dispute Resolution

Incidental and Peripheral Tasks

Induction for Employees

Judicial Review (Administrative Decision Making)

Part-Time Employment

Performance Management: Employees

Personal File: Access

Property and Equipment

Purchasing: Goods and Services

Redundancy

Relieving Arrangements

Resignation

Retirement

Selection Process

Smoke Free Workplace

Study Assistance Program

Telephone Use

Uniform

Vehicle Use: GQL

Workplace Health and Safety

PART B

GQL Code of Conduct

PART C

Employment Conditions:

Compensation

Hours of Duty and Attendance

Leave -

Annual Leave and Leave Loading

Bereavement Leave

Court Attendance Leave

Emergent / Compassionate Leave (including Leave Without Pay)

Long Service Leave

Parental Leave (Adoption, Maternity, Paternity)

Sick Leave

Sickness During Annual and Long Service Leave

Special Leave

Special Responsibility Leave

Study and Examination Leave

Overtime (and Meal Allowance)

Rostering Principles (Stipendiary Stewards) and Meal Allowance

Superannuation

Travelling Allowance (including Incidental Allowance, Meal Allowance)

Vehicle Allowance: Private Vehicle

PART D

GQL Approved Forms:

- ◆ Application for Travel Advance
- ◆ Leave Application
- ◆ Meal Claim
- ◆ Overtime Claim
- ◆ Petty Cash Voucher
- ◆ Private Vehicle Mileage Allowance Claim
- ◆ Sign-In Register – Administration
- ◆ Staff Commencement Advice
- ◆ Travel Expense Claim

GQL POLICY and PROCEDURES MANUAL

UPDATE / AMENDMENT RECORD

Policy / Procedure (name / description)	Effective Date	Version No.	Updated By	Updated On
Whole Document - Reviewed	7 December 2005	1	GRA Board	7 December 2005
Change of Company name to GQL	1 July 2008	2	GQL	25 September 2008

PURPOSE

The Queensland Racing industry, the GQL and its employees the GQL adopts this policies and procedures manual to outline to its staff matters relevant to their employment.

The various Policies detail the GQL corporate expectations and employment conditions in relation to employees. The GQL will function more cohesively and therefore be in a better position to meet its legislative requirements and attain its corporate objectives, if management and employees have a shared knowledge and understanding of GQL expectations.

The GQL also aspires to world class best practice standard client service delivery to all sectors of the racing industry, including its strategic partners.

It is also important that employees are made aware of their employment conditions, rights and responsibilities as employees and the GQL. This knowledge will assist in building cohesion and team spirit in the GQL as well as protect the rights of employees of the GQL.

It is a demonstration of the commitment of the Board and the General Manager to create an employment environment in the GQL which will ensure that employees are treated with fairness and equity.

Publication of this Manual is designed to remove any doubt or confusion which employees may have in relation to all GQL Policy matters.

Similarly, Procedure statements are included in this Manual so that GQL expectations are clearly explained to employees: this will assist in the implementation of the various Policies.

Any questions in relation to the contents of this Manual, or any other matters relating to employment conditions, should be raised with the General Manager.

**Chair
GQL Board**

**General Manager
GQL**

OVERVIEW OF THE GQL

GQL objectives

The GQL has completed a comprehensive process of strategic planning to better position the Queensland racing industry for the demands of the 21st century. The outcomes of this process are contained in the strategic documents “Towards 2000” and the KPMG Implementation Plan.

The ambition of the Queensland Greyhound Racing Industry has been determined as:

“The Queensland Greyhound Racing Industry seeks to increase the level of industry participation through optimising returns to industry stakeholders, the efficient management and administration of the industry and maximising wagering support for the Queensland Racing Industry product.”

The purpose of the Queensland Greyhound Racing Industry has been determined as:

“The Greyhound Racing Industry exists to conduct organised, high quality and viable greyhound racing throughout the state for the benefit of all industry stakeholders.”

The GQL has a responsibility to apply relevant legislative and regulatory requirements as well as strive to continue to improve its client service delivery to achieve best practice standards.

Role of the GQL Board

The Board has been established to provide ongoing strategic leadership in the Queensland racing industry and to direct the activities of the GQL. The Board is responsible to the Minister of Racing and has statutory responsibilities under the *Racing Act 2002* and the *Wagering Act 1998*.

Role of the General Manager

The General Manager provides strategic advice to the Board and manages the day-to-day operation of the GQL.

AIR TRAVEL

Policy

- All requests relating to **domestic air travel** on GQL business are to be submitted to the General Manager for approval.
- Unless specifically approved to the contrary by the General Manager, all air travel is to be at a discounted fare rate or economy rate.
- Employees are to plan and request air travel as far as practicable in advance so as to take advantage of the maximum available discounted rates, provided the sale conditions suit the circumstances at the time. When making a booking, careful check should be made regarding any penalties which may be applicable in the event that the booking may need to be altered or cancelled.
- When travelling on GQL business, employees are to take advantage of any GQL preferred accommodation properties (ie, accommodation of a suitable standard where the GQL has negotiated a discount rate).
- Requests relating to **overseas air travel** on GQL business are to be submitted to the GQL Board for approval.

Procedure

- ☞ *Employees are to submit requests for travel in time to allow for a reasonable investigation and approval process by the General Manager, as well as any administrative action by the Financial Controller and other employees. Requests are to be made on the form **Application for Travel Advance** (refer also to GQL Policy on Travelling Allowance).*
- ☞ *All air travel is to be booked by the Executive Assistant to the General Controller.*
- ☞ *Any claim for the payment of a travelling allowance must be completed on the form **Application for Travel Advance** and submitted to the Financial Controller in sufficient time to allow for processing (refer also to GQL Policy on Travelling Allowance).*

ANTI-DISCRIMINATION including SEXUAL HARASSMENT

Policy

- In accordance with the Queensland *Anti-Discrimination Act 1991* (“the Act”), the GQL promotes equality of opportunity for employees by protecting them from unfair discrimination, sexual harassment and other forms of objectionable conduct.
- Discrimination on the basis of a person’s sex, marital status, pregnancy, nationality, race, age, disability, lawful sexual activity or religion, or sexual harassment of any GQL employee, will not be tolerated by the GQL. Any GQL employee, regardless of seniority or position, found guilty of such behaviour will be subject to disciplinary action, which could include dismissal.
- Both direct and indirect discrimination as well as sexual harassment are unlawful under the Act. This policy outlines the responsibility of GQL employees under the Act:
 - **Direct Discrimination** occurs when groups or individuals are treated less favourably because of differences which are irrelevant to the situation (eg, sex, nationality, marital status etc). It also includes actions which apply a direct discriminatory rule or practice, as well as actions, based on “stereo type” assumptions about individuals based on these differences.
 - **Indirect Discrimination** occurs when seemingly neutral rules and practices applied to all people actually disadvantage or exclude a person or group of people eg, height requirements.
 - **Sexual Harassment** is any form of sexual attention that is unwelcome and includes a wide range of behaviours both verbal and non-verbal. Sexual harassment creates unprofessional work environments and can adversely affect service delivery and seriously affect people’s health and careers.
- As it can be held that the GQL is vicariously liable for the actions of an employee who contravenes the Act in the course of their work, all supervisors / managers must take all reasonable steps to prevent discrimination and harassment occurring in the first place.
- It is the responsibility of all managers and supervisors to:

- ensure that all GQL policies, procedures and practices observe and comply with the provisions of the Act;
 - ensure the workplace is free from discrimination and harassment;
 - establish and maintain appropriate standards of behaviour and convey these standards to all employees;
 - ensure that people who lodge complaints, investigation officers and witnesses are not subject to victimisation; and
 - ensure that all staff are advised of their responsibilities and are provided with training in relation to anti-discrimination issues.
- Employees found to have discriminated against or harassed a person in the course of performing their work may be subject to disciplinary action in terms of the GQL Policy on Discipline.
 - Employees are advised that a breach of the discrimination or sexual harassment policy may be viewed as a matter of serious misconduct and may lead to the summary termination of an employee's employment.
 - The GQL is responsible for making reasonable adjustments or modifications to the workplace to fit the specific needs of employees with a disability or impairment, wherever it is possible and necessary to do so.
 - Strategies to prevent discrimination and harassment include but are not limited to:
 - ensuring that all supervisors / managers and employees are aware of their responsibilities and attend awareness sessions;
 - ensuring that offensive and / or obscene posters or pictures are not displayed in the workplace.

Sexual harassment:

- The GQL will not tolerate sexual harassment and is committed to its elimination and prevention in the workplace. Any GQL employee, regardless of seniority or position, found guilty of such behaviour will be subject to disciplinary action, which could include dismissal.
- Where an allegation of sexual harassment may involve official misconduct, the General Manager is required under the *Crime and Misconduct Act 2001* to refer the matter to the Crime and Misconduct Commission.

Note: It is stressed that this obligation on the General Manager is not optional - it must be followed. All employees are advised to contact the General Manager in all such cases, before any action is taken.

- Under that Act, the General Manager is obliged to refer to the CJC the following types of alleged sexual harassment incidents **prior to** any action being taken by the GQL:
 - where the incident involves physical contact or touching in any way;
 - where the person is a repeat offender or has refused counselling in accordance with an agreed outcome of any previous sexual harassment;
 - where the act may involve a criminal charge arising from an action apart from physical contact (eg, stalking, indecent exposure).

Criminal Offences:

- In cases where a possible criminal offence has occurred (eg, someone has been assaulted) the General Manager will need to give consideration to referring the matter to the police for investigation. This action will depend on the seriousness of the alleged offence, the risk of safety to others and the wishes of the complainant.

Procedure

- ☞ *Efficient administration will be assisted where a complaint or grievance is resolved within the GQL and at the lowest reasonable level in the circumstances.*
- ☞ *Employees wishing to lodge a complaint should discuss the matter with their supervisor / manager or the General Manager.*
- ☞ *Complaints of discrimination, harassment or sexual harassment are to be treated confidentially and seriously and should be dealt with promptly by supervisors / managers and the General Manager. A confidential file is to be maintained.*
- ☞ *All complaints should be dealt with strictly in accordance with the GQL Policy on Grievance and Dispute Resolution. In relation to complaints about sexual harassment, a complainant has the option of commencing the grievance process at Stage 2, 3, or 4 of that policy.*
- ☞ *Employees or clients may also seek to make a complaint to the Queensland Anti-Discrimination Commission. A written complaint needs to be lodged with the Commission before it can commence any action.*

- ☞ *The Commission prefers that internal GQL grievance or complaint processes be used before a complaint is lodged with the Commission. However, in exceptional circumstances, complaints can be lodged directly with the Commission.*

- ☞ *No documentation is to be placed on the personal files of either the complainant or the respondent to a complaint unless formal action*

RACIAL DISCRIMINATION

Policy

- The GQL will not tolerate racial discrimination against either the Aboriginal community or Ethnic communities as between employees of the GQL, its licensees and those with whom GQL employees and licensee interact.
- The GQL is committed to ensure that the sport of Greyhound racing is free from discrimination harassment.
- Disciplinary action will be taken against any employee or licensee of the GQL who breaches this policy.
- The GQL aim to: -
 - create a working environment and Greyhound working industry which is free from race discrimination and where all GQL staff, licensees and the supporters of Greyhound racing are treated with dignity, courtesy and respect;
 - implement racial discrimination training and awareness programs;
 - create strategies to ensure that all employees and licensees are aware of their rights and responsibilities;
 - treat all complaints in a sensitive, fair, timely and confidential manner;
 - guarantee protection from any victimisation reprisals from the supporting of race discrimination; and
 - encourage the reporting of behaviour which breaches the race discrimination laws.
- It is the primary role of managers and supervisors to ensure staff and licensees and those involved in the Greyhound racing industry are not harassed or discriminated against because of their race.
- It is the responsibility of every employee and licensee to not participate in racial discriminatory behaviour.
- Racial discriminatory behaviour may form the basis for either the dismissal of GQL employees or the basis of disciplinary action against GQL licensees.

- Any complaint of racial discrimination is to be reported to the General Manager who will thereupon conduct an investigation into the alleged behaviour.

Procedure

☞ *As set out in the Anti-Discrimination and Sexual Harassment section*

APPOINTMENTS

(external recruitment and internal promotion)

Policy

- Decisions about appointment to positions in the GQL will be made in accordance with this general policy and relevant policy below, dependent on whether the appointment is by internal promotion or by appointment of persons recruited from outside the GQL.

This policy allows the GQL the necessary staffing flexibility to meet changing business needs, while allowing for the career aspirations of GQL employees.

- Approval of the GQL Board must be obtained before action is taken to recruit staff to vacant positions. The Board will determine whether or not vacant positions will be filled having regard to the overall needs of the GQL.
- All recruitment decisions about the advertisement, selection and appointment actions relating to positions will be approved by the General Manager, or the Financial Controller if delegated by the General Manager: the Chairman of Stewards will be consulted in relation to positions of Steward.
- Vacant permanent positions may be filled on a permanent or a temporary basis: temporary or fixed term positions may only be filled on a temporary basis, or for the term of the position.
- Employment of staff on a casual basis is to be in accordance with the GQL Policy on Casual Employment.
- Prior to being filled, vacant positions may be advertised:
 - internally in the GQL; and/or
 - with a recognised employment service (eg, Employment National); and/or
 - by advertisement in the press.
- Vacant positions will be filled in accordance with the GQL Policy on Selection Process. Where more than one applicant is under consideration for a vacant position, selection is to be based on the relative merit of the applicants against the selection criteria and Position Description for the position. Objective selection processes and decisions must be documented by the

employee charged with the responsibility of filling vacant positions and must be defensible.

Internal Promotion / Transfer of GQL Employees:

- Vacant positions may be filled by approval of the General Manager by:
 - the short term temporary transfer of an existing employee; or
 - the selection and promotion of an existing employee.
- Where a position is to be temporarily filled for a period of 3 months or less, the General Manager may directly nominate a person to the position without a selection panel process.
- Salary relevant to the position will be paid from the date of approval of the transfer or promotion.

External Recruitment:

- Vacant positions may be filled by approval of the General Manager, of a person from outside the GQL:
 - through a selection and appointment process;
 - from a GQL register of suitable interested persons; or
 - from people referred from a recognised employment service (eg, Employment National).
- The employment of new staff in the GQL (other than short term temporaries, term engagements and casual staff) will be on a probationary period of 3 months (or other period as determined by the General Manager). Any absence on leave without pay does not count towards the probationary period.
- Continued employment beyond this period is dependent upon a satisfactory probation report authorised by the General Manager. At the completion of the probationary period, the employees appointment is to be either confirmed, terminated or extended for a further probation period as determined by the General Manager. The probationary period may be extended once only.
- In relation to engagement of temporary or fixed term staff for a period of 3 months duration or less, the General Manager or supervisor / manager delegated by the General Manager, may directly nominate staff from:

- a register of suitable persons for temporary or term engagement established by the General Manager; or
- referrals from a recognised employment service (eg, Employment National).
- Salary relevant to the position will be paid from the date of commencement of employment.
- A term of engagement or appointment to the GQL is that new employees accept and sign the Employment Agreement, Position Description and Performance Agreement relevant to the position to be occupied.

Procedure

- ☞ *Each phase or step in any advertisement, selection and appointment process can only proceed with the approval of the General Manager, or a delegated supervisor / manager.*
- ☞ *All applicants are to be advised of the outcome of their application for vacant positions.*
- ☞ *New employees upon commencement are to complete relevant documentation including a **Staff Commencement Advice**, an Australian Taxation Employment Declaration form and submit them to the Financial Controller to commence the payment of salary.*
- ☞ *Evidence of the date of birth, qualifications and residential status are to be provided to the Financial Controller within 4 weeks of commencement in the GQL.*
- ☞ *A probationary report on new staff will be prepared by the relevant supervisor / manager at the completion of the first 3 month period of employment: the report will be referred to the General Manager for decision on continued employment.*

BEST PRACTICE

Policy:

- Best Practice is a comprehensive, integrated and cooperative approach to the continuous improvement of all facets of GQL operations.
- The following general principles will characterise best practice in the GQL:
 - A shared vision for world class performance within the GQL, supported by a comprehensive and cooperative change strategy which brings about continuous learning and improvement.
 - A strategic plan, which encompasses all aspects of GQL operations and which sets out short, medium and long-term goals.
 - A commitment to change throughout the GQL which is driven by the full and public support of the General Manager.
 - Flatter structures and devolution of authority to empower GQL employees, improve communication, encourage innovation, improve client service and assist faster response times.
 - A cooperative and participative employee relations culture featuring effective consultation mechanisms, information transfer and the development and achievement of strategic commitments.
 - A commitment to continuous improvement and learning, with a highly skilled and flexible workforce and recognition of the value of all people in the organisation.
 - Innovative and flexible human resource management policies and culture.
 - A focus on improving client service, both internal and external to the GQL. An integrated approach will be adopted to identify and encompass client preferences, employee's attitude, skills and service delivery.
 - The pursuit of innovation in products, works processes, client service and technology.

- A work culture which encompasses the philosophy of “do it right the first time”.
- The use of relevant performance measurement systems and objective benchmarking of our activities and outcomes to drive continuous improvement.
- The GQL intends to become a leader in its field through a process of on-going re-examination, continuous learning and renewal of the nature of, and manner in which work is performed.

Procedure

- ☞ *All employees are encouraged to consider improved methods of achieving desired work outcomes. Such methods are to be discussed with the relevant manager / supervisor or the General Manager as appropriate prior to implementation.*

CASUAL EMPLOYMENT

Policy

- With the approval of the General Manager, casual employees may be engaged by the GQL or through an employment agency, in any of the following circumstances:
 - where the hours to be worked are irregular;
 - where staff are needed to work full time or part time for defined periods which normally would not exceed a continuous period of 4 weeks (eg, peak work loads or leave relief).
- Casual employees will be employed on an hourly basis. Casual employees will be paid at an hourly rate plus a loading of 19% in lieu of sick and recreation leave entitlements.
- The GQL will contribute statutory occupational superannuation benefits in respect of Casual employees.
- Casual employees engaged through an employment agency are not employees of the GQL and therefore GQL policies in relation to Employment Conditions do not generally apply. GQL Corporate Policies do generally apply.
- Casual employees, including those engaged through an employment agency, must contact their supervisor/manager where they are unable to attend work at or before the scheduled starting time:
 - to advise the reason for the absence;
 - to advise the anticipated length of absence;
 - to advise the work that needs to be performed during their absence; and
 - to notify the manager of any change to the above factors.
- The services of casual employees may be discontinued prior to the expiry date of the period of engagement, on the giving of 1 day's notice by the casual employee or by the GQL, or as prescribed by an external employment agency which has engaged the employee.

- The General Manager may also authorise the engagement of Veterinary students or other similar people on a casual attendance basis to assist in the conduct of race meetings and other GQL activities. Such employees will be paid on a “per attendance” basis at a rate determined by the GQL and other than statutory requirements (eg, payroll tax, compensation), are not generally subject to these GQL Policies.

Procedures

- ☞ *Following consultation with the relevant manager, the General Manager will determine the need for engagement of casual employees and the availability of funds in the GQL budget.*
- ☞ *The recruitment and selection of casual employees by the GQL will be undertaken in accordance with the principles contained in the GQL Policy on Appointments (Recruitment and Promotion).*
- ☞ *Each casual engagement of a person is a separate engagement and must have a separate engagement advice and set of records.*
- ☞ *Casual employees are to comply with the requirements of the GQL Policy on Hours of Duty and Attendance.*

CLIENT SERVICE STANDARDS

Policy

- The GQL performs both a regulatory and a client service role in relation to various functions: it is important that employees correctly differentiate between these roles when dealing with clients. These roles are to be administered in an effective and efficient manner.
- The regulatory role of the GQL involves ensuring that owners, trainers, breeders and the general public comply with regulatory requirements and the Rules of Racing.
- The client service role of the GQL involves ensuring that clients are satisfied with GQL services used by them including timely delivery of advisory and educative services and the enhancement of the industry. This “client satisfaction test” needs to be seen in the context of GQL service standards, economy and efficiency considerations, vision statement and the corporate plan.

DISCIPLINE

Policy

- Disciplinary action may be taken in relation to a GQL employee where the General Manager is satisfied that an employee has:
 - performed the employee's duties carelessly, incompetently or inefficiently;
 - been guilty of misconduct ie,
 - disgraceful or improper conduct in an official capacity; or
 - disgraceful or improper conduct in a private capacity that reflects seriously and adversely on the GQL;
 - been absent from duty without authorisation and without reasonable excuse;
 - contravened, without reasonable excuse, a lawful direction issued to the employee by any person having authority over the employee;
 - used, without reasonable excuse, a substance to an extent that it has adversely affected the competent performance of the employee's duties;
 - contravened, without reasonable justification, a provision of the GQL Policy on Code of Conduct approved by the GQL Board.
- Any disciplinary action undertaken by the GQL must be fair and impartial, and meet the principles of natural justice.
- Disciplinary action that may be taken may involve one or more of the following, dependent upon the seriousness of the conduct of the employee:
 - termination of employment;
 - reduction in classification level and subsequent change in duties;
 - transfer to other employment within the GQL;
 - forfeiture or deferment of an increase in remuneration of the employee;
 - reduction in the level of the employee's annual remuneration;
 - imposition of penalty of not more than the equivalent of 1 fortnightly pay;

- a monetary penalty which has been imposed may, (with the written agreement of the employee) be paid through periodic deductions from the employee's salary;
- reprimanding the employee.
- The General Manager may suspend an employee from duty if the General Manager reasonably believes that:
 - the employee is liable for disciplinary action;
 - the proper and efficient management of the GQL might be prejudiced if the employee is not suspended.
- Suspension is an administrative action used to remove an employee from the workplace pending the results of an investigation (it is not a form of punishment). Suspension may be warranted in circumstances such as:
 - alleged physical violence (suspension would normally occur at the beginning of the investigation);
 - alleged criminal activity;
 - alleged negligence in the care of, or injury to, a client or person to whom the GQL owes a duty of care;
 - other unacceptable official conduct or workplace behaviour likely to cause loss or damage to GQL, its employees, clients or members of the public.
- Where appropriate, other mechanisms such as secondment to other duties should be utilised as an alternative to suspension.
- A suspension may be lifted at any time by the General Manager.
- Suspension would usually be on normal salary unless the General Manager determines otherwise.
- In exceptional circumstances the General Manager may determine that an employee be suspended without salary. The General Manager may for example determine that an employee be suspended on normal salary pending an investigation, then continue the suspension without salary as a result of the investigation.
- If the General Manager lifts a period of suspension without salary and the employee resumes duty, the General Manager may determine that salary be paid for the period of the suspension. In this situation, the employee is entitled

to the salary which would have been paid if they had not been suspended, less any amount earned by the employee from any other form of employment during the period of suspension.

- The General Manager is required to objectively make decisions in relation to suspension of an employee however, application of natural justice is not necessarily required in all cases of suspension eg, where the suspension is on full pay and the General Manager considers that the employee must be removed from the workplace.
- An employee may appeal to the GQL Board against a formal decision by the General Manager to suspend the employee. An employee may lodge the appeal to the Chair of the GQL Board within a period of 21 calendar days following written advice of the decision of the General Manager. The GQL Board will consider and determine the appeal as soon as practicable.
- The General Manager may delegate his role in respect of disciplinary action taken against a Steward to the Chairman of Stewards.

Disciplinary Appeals:

- An employee may appeal to the GQL Board against a formal decision by the General Manager to discipline the employee, except where the penalty is dismissal. An employee may lodge an appeal with the Queensland Industrial Relations Commission in relation to dismissal.
- An employee may lodge a written appeal to the Chair of the GQL Board (except in the case of dismissal) within a period of 21 calendar days following written advice that disciplinary action has been taken by the General Manager. The GQL Board will consider and determine the appeal as soon as practicable. The appeal is to be by way of written submission and save for at the discretion of the Chair no right of appearance is allowed.
- A discipline appeal may be lodged in relation to: -
 - a formal decision to discipline an employee; and/or
 - the severity of the penalty imposed.
- An employee is entitled to pursue a grievance in the manner provided in the GQL Policy on Grievance and Dispute Resolution. The disciplinary process will continue while the grievance procedure is being followed.
- As a result of certain types of inappropriate behaviour (eg theft, assault or physical threats) an employee may in some circumstances, be subject to criminal investigation / charges by the Police, investigation / charges by the

Crime and Misconduct Commission as well as GQL disciplinary action. Factors which may determine the course of investigations / charges include legislative provisions, the seriousness of the alleged offence, the risk of safety to others and the wishes of the complainant.

Criminal Charges:

- The GQL is obliged by law to refer all real or perceived criminal activity by GQL employees to the Police.
- The Police are empowered by legislation to conduct their own form of investigation and to determine any charges to be laid.

Crime and Misconduct Commission:

- In cases of real or perceived “official misconduct” the *Crime and Misconduct Act 2001* requires that the General Manager refer the matter to the CMC (eg, refer GRA Policy on Code of Conduct and Anti-Discrimination including Sexual Harassment). The CMC will determine the extent and method of investigation necessary and any charges to be laid.
- “Official misconduct” includes a real or perceived activity such as:
 - dishonest behaviour;
 - behaviour which is not impartial in the exercise of authority;
 - a breach of trust;
 - misuse to gain benefit for self or another person;
 - a conspiracy or attempt to engage in any of the above.

Procedure

GQL Disciplinary Process:

☞ *The following seven key steps are involved when it has been determined that the GQL disciplinary process should be pursued:-*

- 1. A decision by the General Manager to initiate the disciplinary process.*
- 2. The General Manager will notify the employee within 24 hours (where possible) of that decision*
- 3. A formal investigation by the General Manager (and/or person nominated by the General Manager)*

4. *The General Manager will issue a written Show Cause notice to the employee after the conclusion of the investigation (ie, the employee will be given the opportunity to formally respond in writing to the investigation findings within 14 calendar days)*
 5. *The General Manager will consider the results of the investigation and any response from the employee and reach a finding on the charges (within 7 calendar days of receipt of a response from the employee to the Show Cause notice)*
 6. *The General Manager will decide any appropriate disciplinary action and notify the employee in writing*
 7. *The employee has a period of 21 calendar days in which to appeal the decisions of the General Manager.*
1. ***Initiating disciplinary process*** – *Employees are advised that a breach of the discrimination or sexual harassment policy may be viewed as a matter of serious misconduct and may lead to the summary termination of an employee’s employment. Where it is considered that an employee’s work performance, workplace behaviour or official conduct may not be of a satisfactory standard (or other action to correct any shortcoming has failed/is not appropriate), the General Manager should commence the disciplinary process. A recommendation may be made by the supervisor / manager to the General Manager, that the disciplinary process should be initiated. In extreme cases, it may be necessary that the employee be immediately suspended from duty.*
 2. ***Notify the employee*** - *If the General Manager determines to commence the disciplinary process, the employee would normally be informed of the allegations in writing as soon as practicable and provided with an explanation of the procedure to be followed.*

If the allegations are of a criminal nature and/or official misconduct and informing the employee of the allegations could jeopardise the conduct of the investigation, the employee should not be notified until the evidence has been collected.

Note: *Particular care needs to be taken where Police and / or Crime and Misconduct Commission investigations into alleged criminal activity or official misconduct are involved.*
 3. ***Investigation*** - *An investigation will be conducted by the General Manager (and/or a person nominated by the General Manager). If the employee admits to the allegations then a full investigation may not be warranted. During the investigation process, evidence will be collected and preliminary consideration given to whether or not disciplinary action should proceed.*
 4. ***Show Cause*** - *The General Manager will provide the employee with a report outlining the specific allegations, the grounds upon which the employee may be liable for disciplinary action and the supporting evidence. The employee is*

invited to respond in writing, within 14 calendar days, showing cause why disciplinary action should not be taken.

5. **Reaching a Finding** - *The General Manager must consider the evidence presented, the outcome of the investigation process and any response from the employee concerned, before deciding on any appropriate disciplinary action. If the General Manager decides that the allegations are not substantiated and considers that no further investigation is required, the employee is to be informed of the decision in writing. The documentation is to be placed on a confidential discipline file.*

If the allegations are substantiated and disciplinary action is to be taken, the employee is to be notified in writing and provided with the opportunity to make submissions regarding the proposed disciplinary action within 7 calendar days.

6. **Deciding on disciplinary action and notifying employee** - *The General Manager will consider all relevant factors including the employee's submission and any other mitigating circumstances or previous disciplinary action in making a decision, or the penalty to be imposed. The employee will be notified in writing of the General Manager's decision, the penalty imposed and of appeal rights.*

7. **Appeal** - *Except where the penalty is dismissal, the employee may appeal to the GQL Board within 21 calendar days of notification of a formal decision, in accordance with the provisions of this policy.*

In the case of dismissal the employee may, within 21 calendar days of the date of dismissal, seek redress under the Industrial Relations Act 1999, through an appeal to the Queensland Industrial Relations Commission.

Suspension from Duty:

- ☞ *If the General Manager determines that suspension of an employee from duty is warranted, the General Manager will advise the employee of that decision in writing, specifying the period of suspension and whether or not the suspension will be on normal salary.*
- ☞ *The suspension will remain in effect until varied in writing by the General Manager.*

Appeal Process:

- ☞ *Any appeal against disciplinary action or suspension must be lodged with the Chair of the GQL Board, no later than 5 pm on the 21st calendar day after written advice was received by the employee that disciplinary action has been taken.*

- ☞ *The General Manager will provide the Board Chair and the appellant with all appropriate documentation in relation to the appeal within 5 working days of lodgement of the appeal.*
- ☞ *After allowing at least 7 calendar days for the appellant to consider any additional documentation, the Chair will meet with the parties [the General Manager and the appellant] and after considering all available information, will notify the parties in writing, of the outcome of the appeal including the reasons for the decision.*

Imposition of Penalty

- ☞ *Where a monetary penalty has been imposed, the Financial Controller is to ensure that where the employee concerned agrees to pay the penalty through periodic deduction from salary, that the employee's written consent to that payment method is obtained.*

EMAIL POLICY

Policy

- GQL expects that employees will keep personal emails to an absolute minimum during work hours.
- If an employee receives an email which contains material which is contrary to GQL's Anti-Discrimination and Sexual Harassment Policy and/or the provisions of the Queensland Anti-Discrimination Act 1991 ("the Act"), the employee must return the email to the sender advising the sender that the email address is for business use only and requesting the sender not to send any further material to that address.
- Employees who are found guilty of sending or forwarding discriminatory and/or offensive emails will be subject to disciplinary action, which could include instant dismissal.
- GQL employees acknowledge that all communications via GQL networks are both accessible by the GQL and may be monitored as the GQL sees fit from time to time.
- Copyright in all documents created via the GQL network remains with GQL.

Internet Policy

- All staff who have internet access are allowed only limited use of this facility for private use during working hours.
- Staff are not to access inappropriate and/or pornographic sites.
- A breach of this policy may be treated as a matter of serious misconduct which can lead to summary dismissal.

Procedure

- ☞ *Supervisors / Managers are to advise all employees of this policy.*
- ☞ *Employees who have received an email from another GQL employee which is discriminatory and / or offensive should discuss the matter with their Supervisor / Manager or the General Manager.*
- ☞ *Complaints of inappropriate use of the email network should be dealt with strictly in accordance with the GQL policy of grievance and dispute resolution.*

- ☞ *Complaints of discriminatory and/or offensive emails should be dealt with strictly in accordance with the GQL policy concerning Anti-Discrimination including Sexual Harassment.*

- ☞ *Employees may also seek to make a complaint to the Queensland Anti-Discrimination Commission. A written complaint needs to be lodged with the Commission before it can commence any action.*

EQUAL EMPLOYMENT OPPORTUNITY

Policy

- EEO is a widely established principle of good management: it contributes to developing responsive and efficient organisations essential in today's competitive environment. The effectiveness of the GQL and improvement in service delivery will be improved by focussing on employment relevant factors and where the GQL staff profile more accurately reflects the community profile.
- EEO is the proactive creation of conditions so that all employees have an equal chance to seek and obtain employment, promotion and in respect to other employment matters. EEO requires that employees are selected, promoted and treated on the basis of their individual merit, skills, qualifications, abilities and aptitudes.
- The principles of EEO and merit selection are entirely compatible.
- The employment and promotion of the most meritorious staff contributes significantly to the efficiency of the GQL.
- In accordance with the *Equal Opportunity in Public Employment Act 1992* (EOPE), the GQL will ensure that all employees, including those from identified target groups, are treated equally and have the same opportunity to compete on the basis of employment relevant factors including merit, talents and capabilities.
- The identified target groups are:
 - Aboriginal and Torres Straight Islanders ie, people of Aboriginal or Torres Straight Islander descent, who identify as an Aboriginal or Torres Straight Islander and who are accepted as such by the community in which they live;
 - People from non-English speaking background ie, people who have migrated to Australia and whose first language is other than English, and children of those people;
 - People with a disability ie, people who have or had, a physical, sensory, intellectual or psychiatric disability; and
 - Women ie, people of the female sex irrespective of age.

- The second category of EEO is concerned with the right of any employee to complain after an act of discrimination has occurred (refer to GQL Policy on Anti-Discrimination).
- In accordance with the Queensland *Anti-Discrimination Act 1991*, the GQL will provide a work environment which is free from discrimination and harassment of employees by other employees, suppliers or customers (including licensees).
- Discrimination on the basis of a person's sex, marital status, pregnancy, nationality, race, age, disability, lawful sexual activity or religion, or harassment of any GQL employee, will not be tolerated by the GQL. Any GQL employee, regardless of seniority or position, found guilty of such behaviour will be subject to disciplinary action, which could include dismissal.

Procedure

- ☞ *The GQL will develop and implement appropriate EEO programs and monitoring arrangements to enable periodic reporting on outcomes to the GQL Board. This program will consist of several elements including:*
 - *policy statement and employee information;*
 - *employee consultation;*
 - *collection of statistics;*
 - *review policies and practices;*
 - *set objectives and implementation strategy; and*
 - *review implementation.*
- ☞ *Any employee who considers that they have grounds for complaint in relation to an EEO matter may utilise the Grievance and Dispute Resolution procedures detailed in that GQL Policy, and has the right to raise the matter without fear that it may adversely affect their career.*
- ☞ *A matter may be raised and treated in a confidential manner if requested by the employee.*
- ☞ *Where the grounds of complaint relate to alleged sexual harassment, employees should consult the GQL Policy on Anti-Discrimination including Sexual Harassment.*

FREEDOM OF INFORMATION

Policy

- The *Freedom of Information Act 1992* provides that the GQL can be required to make available to enquirers, copies of any document or information held by the GQL. An enquirer may be a member of the community or a GQL employee.
- The GQL will normally be required to make available, documents or information requested in writing by enquirers including for example:
 - copies of files, computer records, plans (ie, “document” should be interpreted broadly);
 - information held on GQL structure and operations, decision-making processes or delegations, policy documents, enquirers themselves.
- In respect of information held on them, an individual can also request that the GQL amend its records because they are inaccurate, incomplete, out of date or misleading.
- Applications for documents should be approved where at all possible, but may be refused by the GQL only on the basis of exemptions provided under the Act eg,:
 - information which could prejudice essential public interests;
 - information about the private or business interests of another member of the community. A document is not normally exempt if it simply contains a reference to another person.
- The Act normally protects individuals from requests for documents about them made by other persons. If the information or document sought by such other person is not exempt, the GQL must contact the individual mentioned in the document if it believes the information sought would be of substantial concern to that individual.
- GQL employees are required to apply the following standards in relation to GQL records:
 - information, decisions, advice and reports are to be written and based on facts and objective judgements;

- decisions are to be reached in an appropriate manner or process and properly documented (refer to GQL Policy on GQL Code of Conduct);
- gratuitous or derogatory comments are not to form part of GQL record keeping.
- The General Manager will determine the GQL response to an FOI request within 45 calendar days.
- No fee is applicable to an application relating to the personal affairs of the enquirer: other requests are subject to an application fee of \$ 30 plus a reasonable photocopying charge.
- An applicant may appeal to the nominee of the General Manager, who from time to time is appointed to undertake the role as the FOI intend review officer, if the General Manager has refused an application in whole or in part, or refused to amend information recorded by the GQL about the applicant.

Procedure

- ☞ *All FOI requests must be in writing.*
- ☞ *In the case of personal information applications, the identity of the enquirer must be firmly established.*
- ☞ *Any application fee is to be received by the GQL prior to the release of information.*
- ☞ *If the General Manager has refused an application in whole or in part or refused to amend information recorded about the applicant, the General Manager will inform the applicant of the reasons for this decision and of their right of appeal to the Chair.*

GRIEVANCE AND DISPUTE RESOLUTION

Policy

- The GQL is committed to the prompt resolution of workplace grievances by consultation, co-operation and discussion and to the promotion of efficiency in the workplace.
- It is in the interest of efficient administration that any complaint or grievance be resolved within the GQL and at the lowest level as is reasonable in the circumstances.
- While the grievance procedure is being followed, normal work is to continue except in the case of a genuine and serious safety issue.
- Where the grievance involves allegations of sexual harassment, an employee may commence the procedure at Step 2, 3, or 4 as appropriate and in accordance with the GQL Policy on Anti-Discrimination including Sexual Harassment.
- The following procedures are designed to meet the above objectives and apply to all employees of the GQL.

Procedure

Resolution Procedure - Stage 1:

Time frame: Within 1 working day and not to exceed 7 calendar days (unless otherwise agreed).

- ☞ *The employee will inform the relevant supervisor/manager of any grievance and they will attempt to resolve the matter. Where the supervisor/manager is a party to the grievance, the employee should instead proceed to Stage 2 of these procedures.*
- ☞ *The supervisor/manager should attempt to resolve the grievance in an informal manner. The grievance need not be put in writing. The supervisor/manager should make a diary note of when the grievance is notified in order to ensure compliance with the time frame for discussions.*
- ☞ *By the end of Stage 1 of the procedure, the supervisor/manager should advise all parties to the grievance of the outcome, any decisions made and the reasons for them and what follow-up action, if any, is to be taken.*

Resolution Procedure - Stage 2:

Time frame: Not to exceed an additional 7 calendar days (unless otherwise agreed).

- ☞ The employee may refer the matter to the General Manager who will facilitate the resolution of the grievance: consultation and negotiation should occur with all parties to the matter.*
- ☞ Appropriate record keeping is to be undertaken by the General Manager.*
- ☞ The General Manager will ensure that:*
 - the aggrieved employee has the opportunity to present all aspects of the grievance; and*
 - the grievance is investigated in a thorough, fair and impartial manner.*
- ☞ Following all reasonable investigation, the General Manager will decide the outcome of the grievance.*
- ☞ By the end of Stage 2 of the procedure, the General Manager will advise all parties to the grievance of the outcome, any decisions made and the reasons for them and what follow-up action, if any, is to be taken.*

Resolution Procedure - Stage 3:

Time frame: Not to exceed an additional 14 calendar days (unless otherwise agreed).

- ☞ If the matter is not resolved in Stage 2, the aggrieved employee may request the use of third party facilitation by way of an independent non-judicial mediator. The objective of this process is to maintain co-operative employer / employee relations and to resolve the grievance.*
- ☞ The General Manager will organise the involvement of an agreed independent mediator: costs will be met by the GQL. The mediator will decide the process and manner in which resolution of the matter is to proceed.*
- ☞ Appropriate record keeping is to be undertaken by the General Manager and the independent mediator.*

Resolution Procedure - Stage 4:

Time frame: Not to exceed an additional 14 calendar days (unless otherwise agreed).

- ☞ If the grievance remains unresolved, the employee may refer the matter in writing to the GQL Board.*
- ☞ The written statement by the employee should include that the employee is lodging a grievance under the grievance procedure, outline the employee's concerns, the parties who have been involved / consulted and the preferred outcome.*
- ☞ The Board will decide the process and manner in which resolution of the grievance is to proceed and will make a final decision in the matter.*
- ☞ Appropriate record keeping is to be undertaken by the General Manager and the GQL Board.*

INCIDENTAL AND PERIPHERAL TASKS

Policy

- The employee agrees to perform if or as required by GQL a wider range of duties, including work which is incidental or peripheral to his/her main tasks or functions, provided such duties are reasonably within the limits of the employee's skill, competence and training.
- The employee shall perform such work as is reasonable and lawfully required by GQL including accepting instructions from authorised personnel.
- GQL agrees to provide where necessary training to ensure that the employee is capable of meeting GQL's requirements in relation to the quality and accuracy of the work assigned to them.
- If the employee is called upon by the GQL to perform work at a level above his/her current classified level for a period of more than two days, the employee shall be paid at the rate for that higher level for the whole period involved on such higher level duties.

Procedure

- ☞ *Supervisors / managers are to advise all employees of this policy.*

INDUCTION

Policy

- All employees engaged by the GQL will be provided with induction advice appropriate to the nature of the position in which they are engaged and the length of employment.
- Induction advice to employees would include for example:
 - a full explanation of the duties and responsibilities of the position in which they are engaged;
 - an explanation of any relevant legislation, GQL policy or rules related to the method or manner in which the employee is expected to undertake their duties;
 - reporting and supervisory arrangements, expectations and responsibilities;
 - identity of and relationship to relevant clients and customers;
 - a copy and explanation of a relevant Employment Agreement, Position Description and Performance Agreement;
 - a copy and explanation of relevant GQL Policies including the Code of Conduct, Workplace Health and Safety, Grievance and Dispute Resolution, Discipline.

Procedure

- ☞ *The General Manager or the supervisor / manager delegated by the General Manager, will undertake the following activities:*
 - *personally welcome new employees to the GQL;*
 - *ensure that arrangements are made to satisfy GQL Policy on Induction of Employees;*
 - *ensure follow up activity is undertaken as appropriate eg supply uniform.*
- ☞ *Ensure that necessary information and documentation is provided to the Financial Controller (refer to GQL Policy on Appointments).*

JUDICIAL REVIEW

(Administrative Decision Making)

Policy

- All employees are expected to be aware of and apply the following policy as a framework to constitute sound administrative decision-making.
- This Policy should be read in conjunction with the GQL Policy on Code of Conduct and GQL Policy on Freedom of Information.
- The *Judicial Review Act 1991* gives persons whose interests were adversely affected by an administrative decision of any GQL employee, a right to apply to the Supreme Court for a review of that decision. A decision can include the failure to make a decision and actions or conduct leading up to the decision.
- The Act also confers a right for aggrieved persons to obtain the reasons for the decision. Reasons can include the findings of fact, reference to the evidence or other material on which the findings were based and the reasons for the decision.
- The grounds for review relate only to matters of law (it is not a merit review) eg,
 - that a breach of the rules of natural justice occurred in relation to the making of the decision;
(The rules of Natural Justice dictate that a person is to be given a fair hearing with the opportunity to state their case and that the decision maker is not biased or there is no reasonable suspicion of being biased).
 - that procedures that were required by law to be observed in relation to the making of the decision, were not observed;
 - that the person who purported to make the decision did not have the jurisdiction to make the decision;
 - that the decision was not authorised by the enactment under which it was purported to be made;
 - that the making of the decision was an improper exercise of the power conferred by the enactment under which it was purported to be made ie,
 - an irrelevant consideration taken into account
 - a relevant consideration not taken into account
 - an exercise of a power for a purpose for which it was not intended
 - an exercise of a discretionary power in bad faith

- an exercise of a personal discretionary power at the direction or behest of another
 - an exercise of a discretionary power in accordance with a rule or policy without regard to the merits of the particular case
 - an exercise of a power in such a way that the result of that exercise is uncertain
 - an exercise of a power that is so unreasonable that no reasonable person could so exercise the power;
 - that the decision involved an error of law;
 - that the decision was induced or affected by fraud;
 - that there was no evidence or other material to justify the making of the decision.
- A statement of reasons must be provided unless:
 - the person making the request was not entitled to make the request;
 - the request was not made within a reasonable time (usually 28 days of being notified of the decision);
 - the information is of a confidential nature and relates to the personal or business affairs of a person other than the requester;
 - full reasons for the decision were provided in a document to the requester at the time the decision was made;
 - the disclosure of the information is not in the public interest.
 - The Act provides that reasons need not be given in relation to investigation or prosecution of persons for offences against a law of the State, selection of a tender or awarding of a contract and certain decisions in relation to personnel management in the GQL.
 - If the application is successful, the decision of the GQL employee will be quashed and the matter will be remitted to the decision maker to remake the decision without the error of law.

Procedure

- ☞ *All requests must be in writing to the General Manager.*
- ☞ *The identity of the enquirer must be firmly established.*
- ☞ *Any statement of reasons is to be provided as soon as practicable, and within 28 calendar days of the request.*
- ☞ *If the General Manager has refused an application in whole or in part, the General Manager will inform the applicant of the reasons for this decision and of their right of appeal to the Chair.*

PART - TIME EMPLOYMENT

Policy

- If appropriate to the business needs of the GQL, the General Manager may approve the creation of part - time positions, the conversion of existing full time positions to part - time or part - time arrangements to cater for job sharing of particular positions.
- Consultation with relevant employees will occur prior to any decision by the General Manager to create, convert or amend part - time employment arrangements.
- Part - time arrangements:
 - may be approved following an initiative by the GQL or by an employee;
 - will apply to all occupational categories, subject to approval of the General Manager;
 - may be approved on an on-going or permanent basis or for a specific period;
 - will be specified as a certain number of hours and/or particular days in a week or in fortnightly pay periods;
 - may be changed or amended with the approval of the General Manager.
- Part - time employees:
 - accrue benefits and entitlements on a proportionate basis including:
 - salary;
 - leave entitlements, except emergent / compassionate and bereavement leave where they will receive the same as full time employees;
 - financial and leave assistance under the Study Assistance Program (refer GQL Policy);
 - may occupy more than 1 part - time position concurrently;
 - will have their salary reviewed on an annual basis as provided in their Performance Agreement (refer GQL Policy on Performance Management);

- may relieve in a higher classified position on the conditions of employment applicable to that position eg, full time or part - time (refer also to GQL Policy on Relieving Arrangements);
- may be reasonably required to work beyond the daily, weekly or fortnightly approved part - time hours, to meet the business needs of the GQL. In this case, employees have the following options:
 - accrue additional hours on a time for time basis for the actual time worked in excess of the stipulated part - time hours; or
 - be paid at the normal hourly rate of pay plus a loading of 1/12 th in lieu of annual leave for the actual time worked in excess of the stipulated part - time hours; or
 - be entitled to the same overtime and meal allowance provisions as full time employees for the hours worked:
 - (i) in excess of the ordinary full time hours for the position; or
 - (ii) outside the normal spread of hours for office employees; or
 - (iii) in excess of the ordinary full time hours specified in the roster for a Stipendiary Steward.

Procedure

- ☞ *Appointments to existing part - time positions will be made in accordance with the GQL Policy on Appointments (Recruitment and Promotion).*
- ☞ *Arrangements approved by the General Manager in relation to each part - time position will be documented, particularly the normal days or number of hours of work to be performed; advice of such arrangements is to be provided to the Financial Controller.*
- ☞ *Advice of any change in the number of normal fortnightly hours of work of a part - time position must be immediately provided to the Financial Controller.*

PERFORMANCE MANAGEMENT: EMPLOYEES

Policy

- The performance management strategy of the GQL is to provide a supportive environment in which employees can further increase their skills and knowledge, so as to continuously improve client service delivery and the business outcomes of the Authority.
- An Employment Agreement will be formalised with all employees which will provide the overall context in which a synergy is achieved between a Position Description, a Performance Agreement, salary advancement and any future development or training needs, on an individual employee basis.
- This Policy should be read in conjunction with the GQL Policies on Client Service Standards and Best Practice.
- Each Performance Agreement will include specific performance objectives, performance indicators and measures agreed between the General Manager and each individual employee.
- The Position Description and Performance Agreement form the basis on which the employee's future salary level will be assessed and determined by the General Manager excluding the Chairman of Stewards which will be assessed by the regulatory Committee of the GQL Board.
- The assessment will result in the General Manager determining that the salary level of each employee is either increased by a specific amount or alternatively, remains at the current level, pending a subsequent performance assessment at a time determined by the General Manager.
- In the context of the Performance Agreement, the General Manager will assess each employee's performance on a formal annual basis. The Regulatory Committee of the GQL Board will assess the performance of the Chairman of Stewards.
- To improve the overall performance and client service delivery of the GQL, all employees are responsible for achieving and maintaining the performance requirements of their position. Employees are expected to strive to contribute to the continuing improvement of their work units by acknowledging their own performance requirements, delivery standards, possible barriers or problems and take action to resolve them.

- The GQL will determine when work performance is satisfactory or unsatisfactory and support employees in the achievement of their performance requirements.
- In the event of unsatisfactory or diminished work performance, the General Manager will initiate prompt, effective and fair action to address the employee's performance.
- The General Manager will provide structured individual performance feedback to each employee in accordance with this policy with a view to reaching an agreed understanding and outcome. Outcomes will be recorded on each employee's Performance Agreement.
- When undertaking the formal annual review in relation to each employee to determine their future salary level, the General Manager will provide structured individual feedback to each employee. Outcomes will be recorded on each employee's Performance Agreement.
- Employees retain a right of review of General Manager decisions in accordance with GQL Policy on Grievance and Dispute Resolution.

Procedure

- ☞ *The General Manager will advise individual employees of the proposed date for all reviews to be conducted in accordance with this policy.*
- ☞ *Relevant details of all reviews will be documented and the individual outcomes recorded on each employee's **Performance Agreement**.*
- ☞ *The outcome and documentation of all reviews will be confidential.*
- ☞ *The Financial Controller will be advised of changed salary arrangements as soon as possible after a decision is taken to vary an employee's salary.*

PERSONAL FILE: ACCESS

Policy

- Employees are permitted to peruse GQL files or records held in relation to themselves: this is to occur under appropriate supervision and at a time and place convenient to the GQL.
- Employees will not be permitted to view confidential files or records held in relation to them.
- The GQL will not release personal information retained on behalf of employees to any external organisation without the express wish or authority of the employee concerned, except where required by specific legal statute to do so.

Procedure

- ☞ *Employees are to contact the General Manager or the supervisor / manager delegated by the General Manager, to arrange a time to view personal material on file.*
- ☞ *The GQL file(s) is not to be removed from the Office of the General Manager or the supervisor / manager delegated by the General Manager.*
- ☞ *Documents on GQL files may not be removed but copies can be provided to the employee concerned.*
- ☞ *Unless required by specific legislation to provide information, the General Manager or the supervisor / manager delegated by the General Manager will obtain the agreement of the relevant employee before releasing any personal information to any outside organisation.*

PROPERTY and EQUIPMENT

Policy

- Employees are to ensure that all property and equipment owned or leased by the GQL is secure and protected from loss, theft or damage. GQL keys are to be recorded in a Key Register and safeguarded at all times.
- Employees are not permitted access to the GQL premises unless on official duties during normal business hours.
- GQL property and equipment may not be used for the personal use of employees or removed from the premises, without the prior approval of the General Manager.
- Any GQL property or equipment approved for the personal use of an employee will be the responsibility of that employee, who will be held fully financially liable for that property or equipment.
- Employees are expected to respect the property and equipment of other employees.
- An Equipment Assets Register will be maintained by the GQL for the purpose of capitalising and tracking assets. The register will record the identification, value and employee responsible or location of all GQL equipment to the value of \$5,000 or more, as well as valuable or attractive equipment of lesser value eg, mobile phones, 2 way radios, modems.
- Preventative and repair maintenance for all major equipment is to be recorded in the GQL Maintenance Register.
- Appropriate insurance cover is to be arranged for GQL property and major equipment: insurance cover and requirements are to be reviewed annually or at more regular intervals if necessary.

Computer Hardware and Software

- Employees are not to breach provisions of the *Copyright Act 1968* by the unauthorised copying of software, or the use of unlicensed copies of software: such activity is a criminal offence if not authorised by the software owners and places both the employee and the GQL at risk.
- Employees are to regularly ensure that GQL software is subject to suitable “virus” checks.

- “Non - GQL” hardware or software (eg, private disk) is not to be utilised in conjunction with GQL equipment, unless it has been approved by the General Manager and has been subject to suitable GQL “virus” checks.
- Employees are not authorised to access the Internet for personal purposes.

Intellectual Property

- Information, research and documentation obtained by an employee by virtue of employment with the GQL, will remain the intellectual property of the GQL: it may not be utilised by an employee in any capacity other than in the execution of official GQL duties.

Procedures

- ☞ *The Financial Controller is responsible for the administration of the GQL Equipment Assets Register and Maintenance Register.*
- ☞ *The Financial Controller will recommend to the General Manager, appropriate insurance cover and arrangements for GQL property and major equipment, and finalise insurance cover.*
- ☞ *Employees are to regularly apply the virus check to computer software.*

PURCHASING: GOODS and SERVICES

Policy

- The GQL will have regard to the State Government purchasing policy and Public Finance Standards which are designed to ensure competitive procurement arrangements.
- This Policy applies to the procurement of all goods, equipment and related services, construction contracts and service contracts entered into by the GQL.
- The GQL Policy pursues 5 fundamental principles:
 - open and effective competition;
 - value for money;
 - enhancing the capabilities of local business and industry (on the basis of merit and value for money);
 - environmental protection; and
 - ethical behaviour and fair dealing (refer also to the GQL Policy on Code of Conduct).
- The objectives of this GQL policy are to:
 - provide end users with the goods and services they require, at the time they are required;
 - procure goods and services through an environment of open and effective competition to achieve best value and public accountability;
 - ensure best value for the full life of the goods or services by effective use of evaluation techniques, including an assessment of the supplier's capacity to meet quality requirements;
 - plan procurement to manage or control purchasing power and take advantage of market conditions; and
 - establish sound on-going business relationships with suppliers, including high ethical standards and sound documented contractual arrangements.
- The following delegation limits of authority will apply to the approval of requests for various levels of expenditure:
 - \$10,000 and over - the GQL Board;
 - up to \$9,999. - the General Manager.

- All requests for expenditure submitted to the Board and the General Manager must be made by an appropriately delegated supervisor / manager who is other than the person delegated to approve the expenditure.
- The GQL will specify quality assurance requirements for all purchases of \$ 1,000 or more.
- All requests for expenditure in excess of \$1,000 must be accompanied by a minimum of 3 separate quotes and an analysis of alternate options and the quotations, save for when because of supplier conditions it is reasonably unworkable to comply with this policy.
- Requests for expenditure of up to \$9,999 may be approved without recourse to 3 quotes where provision of the goods or service is:
 - in relation to travel, safety or maintenance issues;
 - genuinely required urgently;
 - of a specialist nature where particular qualifications, knowledge or expertise resides in a particular organisation.
- The GQL is exempt from the payment of Sales Tax in respect of goods and services which are not intended for resale. In these circumstances, all expenditure requests need to claim such exemption.
- No commitment is to be made to any prospective supplier until the General Manager or the Board as per the GQL delegation limits has approved a request for expenditure.
- The Financial Controller is to establish and oversight the operation of a Petty Cash and other financial systems. The Financial Controller will administer these systems on a day-to-day basis.
- All goods and services are to be procured through the appropriate GQL financial systems as follows:
 - hire of a Taxi Cab - Taxi Voucher;
 - travel on Gateway Bridge - Gateway Bridge toll card;
 - purchasing fuel and oil for GRA vehicles - vehicle petrol Card;
 - one-off, non-recurrent items less than \$50 - Petty Cash; and
 - all other purchases - Purchase Order.
- The Financial Controller is responsible for raising appropriate Purchase Orders.

- On receipt of goods or services, an appropriate supervisor / manager is required to:
 - match the items received with the delivery note;
 - sign and date the delivery note.
- The delivery note is to be crosschecked with the purchase order by the official who approved the purchase or by the Financial Controller as appropriate. Any discrepancy is to be immediately referred to the supplier. Where the invoiced amount exceeds the purchase order, the order must be submitted to the General Manager or the Board (as appropriate) for consideration of approval of such excess.
- Information in relation to the purchase of goods and services is to be kept confidential except in the following circumstances:
 - advice to another involved party of the successful supplier and the total price;
 - formal or otherwise advice to the unsuccessful supplier(s) in relation to aspects of their offer / quote.

Procedure

- ☞ *The following procedures are to apply to the purchase of goods or services by Purchase Order:*
 - *employees wishing to purchase goods or services are to lodge a request with an appropriate supervisor / manager;*
 - *the appropriately delegated supervisor / manager will submit a memo and supporting documentation to the General Manager or the Board (as appropriate) for approval;*
 - *the General Manager will forward approved requests to the Financial Controller who will raise and authorise the Purchase Order;*
 - *the appropriately delegated supervisor / manager will arrange the purchase and supply of the goods or services;*
 - *the appropriately delegated supervisor / manager is responsible for receipt of the goods or services and related requirements of this Policy.*
- ☞ *Employees wishing to purchase goods or services through the Petty Cash (use a **Petty Cash Voucher** form) or other systems are to make requests to the Financial Controller.*

REDUNDANCY

Policy

- The GQL may at any time determine that the job performed by the employee is no longer required due to technological changes, restructuring of the workplace or GQL's inability to pay its employees.
- Should the employee's position become redundant, the employee shall be entitled to a redundancy benefit calculated on the following basis: -

➤ Period of Continuous Service	Severance Pay (weeks' pay)
Less than 1 year	Nil
1 year but not more than 2 years	4
More than 2 years but not more than 3 years	6
More than 3 years but not more than 4 years	7
More than 4 years but not more than 5 years	8
More than 5 years but not more than 6 years	9
More than 6 years but not more than 7 years	10
More than 7 years but not more than 8 years	11
More than 8 years but not more than 9 years	12
More than 9 years but not more than 10 years	13
More than 10 years but not more than 11 years	14
More than 11 years but not more than 12 years	15
More than 12 years	16

- The GQL, upon determining that the employee's position will be made redundant, shall provide to the employee written notice of its decision. The minimum period of notice to which the employee is entitled shall be calculated on the following basis: -

➤ Period of Continuous Service	Severance Pay
Not more than 1 year	1 week
more than 1 year but not more than 3	2 weeks
more than 2 years but not more than 5	3 weeks
more than 5 years	4 weeks

- The employee shall be entitled to time off work to seek other employment. For each week of the employee's notice period, the employee is entitled to one day without loss of pay to look for work.

Procedure

- ☞ *The GQL, upon determining the employee's position will be made redundant, shall provide to the employee written notice of its decision.*
- ☞ *The Financial Controller is to be immediately informed of all notices of redundancy and will ensure that payment of salary and all other monies due, are paid in accordance with this and other relevant GQL Policies.*
- ☞ *The GQL shall provide to the employee information about the final payments*

RELIEVING ARRANGEMENTS

Policy

- When a position becomes temporarily vacant for a period, the General Manager will determine whether or not the needs of the GQL require that the position be occupied by another employee(s) for all or part of the period.
- If a temporarily vacant position is to be occupied, the General Manager will determine whether the full range of functions or only certain specific functions are to be performed, the period for which they are to be performed and which employee or employees will perform the required functions.
- Where a vacant position is to be filled by one employee for a period in excess of 3 months, the position will be filled through a selection process to determine the most efficient employee, as provided in GQL Policy on Selection Process.
- Where a vacant position is to be filled for a period of 3 months or less, the General Manager may directly nominate an employee(s) to the position without calling Expressions of Interest or a selection process.
- Where a position is vacant for a period in excess of 3 months and more than one employee is to perform the required functions at different periods, Expressions of Interest need not be called.
- No higher duties allowance is payable unless the functions of a higher position are performed for a minimum of 5 consecutive working days.
- Employees who perform the full duties of a higher position are entitled to the payment of salary of that position through a higher duties allowance.
- Where less than the full duties of a position are to be performed, the amount of higher duties allowance paid will be proportional to the range of duties performed.
- Higher duties allowance may continue to be paid during approved leave on full or half salary, subject to the GQL Policy on Leave.

Procedure

- ☞ *The General Manager will advise relevant employees whether a vacant position is to be filled, the range of duties to be performed and arrangements for filling the position.*
- ☞ *Where higher duties allowance is to be paid, the General Manager will advise the Financial Controller of the details of that decision.*

RESIGNATION

Policy

- An employee (other than a casual employee) may resign from employment with the GQL on the giving of notice to the General Manager in accordance with their contract of employment.
- A casual employee must give a minimum of one (1) day's notice of cessation to the General Manager (or if employed by an external employment agency, such other period as prescribed by that agency).
- The GQL may deduct salary in respect of any time by which the above relevant minimum period of notice is not provided by the employee and may deduct from monies otherwise payable to the employee in respect of annual leave such amount reflecting the employee not working out their notice period.
- The above periods of notice may be waived by agreement between the GQL and the employee.
- An employee who provides the appropriate period of notice will be entitled to the payment of all salary and other payments due, on the date of separation from the GQL.
- Where operationally feasible, an employee will be given the opportunity to take any accrued time.
- A notice of resignation will take effect on its own force and terms and without the need for acceptance by the GQL.
- The General Manager has the discretion to determine if the employee can withdraw a resignation, which has been tendered.

Procedure

- ☞ *A resignation is to be submitted in writing to the General Manager, through the relevant supervisor / manager and provide the required period of notice.*
- ☞ *The Financial Controller is to be immediately informed of all resignations and ensure that payment of salary and all other monies due, are paid in accordance with this and other relevant GQL Policies.*
- ☞ *The GQL will acknowledge a resignation in writing and provide information about the final payments to the employee.*



RETIREMENT

Policy

- Retirement of employees from the GQL may be approved by the General Manager as retirement by either Age or Ill Health.

Age Retirement

- An employee may elect to retire on or after attaining the age of 55 years.
- The period of notice otherwise provided for in the employee's employment agreement may be waived by agreement between the General Manager and the employee.
- An election to retire will take effect on its own force and terms and without the need for acceptance by the GQL.
- An employee who provides the appropriate period of notice will be entitled to the payment of all salary and other payments due, on the date of separation from the GQL.
- The GQL may deduct salary in respect of any time by which the above relevant minimum period of notice is not provided by the employee.
- Where operationally feasible, an employee will be given the opportunity to take any accrued time.
- The General Manager has the discretion to determine if the employee can withdraw an election for age retirement.

Ill Health Retirement

- If the General Manager suspects on reasonable grounds, that an employee's absence(s) from work, or an employee's unsatisfactory work performance (refer GQL Policy on Performance Management) is caused by physical or mental illness or disability, the General Manager may refer the employee to an appropriate Medical Doctor(s) selected by the GQL at its sole discretion, for a medical assessment(s) and written report.
- If, after considering the medical report, the General Manager is reasonably satisfied that the employee's absence or unsatisfactory work performance is caused by physical or mental illness or disability, the General Manager may retire the employee from the GQL on a specified date.

- An employee is required to co-operate with the above process and follow all reasonable requests.
- The GQL will meet expenses associated with this process.
- The GQL will maintain any medical reports or information in strict confidence.

Procedure

Age Retirement

- ☞ *An employee is required to submit a notice of age retirement in writing to the General Manager, through the relevant supervisor / manager and provide the required period of notice.*
- ☞ *The Financial Controller is to be immediately informed of all notices of age retirement and will ensure that payment of salary and all other monies due, are paid in accordance with this and other relevant GQL Policies.*
- ☞ *The GQL will acknowledge an age retirement in writing and provide information about the final payments to the employee.*

Ill Health Retirement

- ☞ *The General Manager will choose an appropriate Medical Practitioner and provide that Doctor with a written report outlining the relevant circumstances of the case and indicating that retirement on ill health is being contemplated by the GQL.*
- ☞ *The employee will be requested to attend a medical examination(s).*
- ☞ *The General Manager will consider the report(s) of the Medical Practitioner(s) and determine what action is to be taken.*
- ☞ *The employee will be kept informed by the General Manager and advised in writing of the final decision.*
- ☞ *The Financial Controller is to be immediately informed of any impending retirement and will ensure that payment of salary and all other monies due, are paid in accordance with this and other relevant GQL Policies.*

SELECTION PROCESS

Policy

- This policy on selection processes will apply to both external recruitment and internal promotion processes in the GQL (refer GQL Policy on Appointment).
- Provided the GQL Board has approved the filling of a vacant position, the General Manager will determine all external and internal advertisement and appointment to positions in the GQL.
- Selections will be determined on the relative merit of applicants ie, consideration of the knowledge, skills, experience and potential of applicants to perform the duties and functions of a position as documented in the Position Description and Selection Criteria.
- A selection process will apply when permanently filling vacant positions: for positions temporarily vacant for 3 months or less, the General Manager may directly nominate a person to the position without a selection process.

Selection Process:

- Consistent with this Policy and the following principles, the General Manager will approve the appointment or promotion of applicants:
 - all applicants will be short listed for interview against the Selection Criteria and Position Description for the position - Selection Criteria are to be allocated an appropriate weighting and rating scale;
 - the General Manager will consider whether or not applicants satisfy the Selection Criteria or whether the position needs to be re-advertised (interviews may or may not be necessary for this purpose);
 - all short listed applicants will be interviewed;
 - all applicants will be asked the same core questions and scored on their ability to meet the Selection Criteria;
 - both the application and interview will be taken into account in recommending the successful applicant;
 - referee checks will be conducted when required;

- any negative comments received from referees will be discussed and clarified with the applicant.
- The General Manager will determine the successful applicant to be transferred (at the same level), promoted, or employed in the position.
- An applicant is entitled to request feedback from the General Manager in relation to the assessment of their application and / or interview.
- Selection documentation and considerations are to remain confidential and kept on a separate file.

Temporary Appointment:

- The GQL may determine to fill any position on a short-term temporary basis ie, for periods of 3 months or less. In this situation, the General Manager will undertake such investigation of relative merit and other needs of the GQL as considered warranted, before determining which employee is to be directly nominated to the position.

Procedure

- ☞ *The General Manager will determine that either a selection process is required or alternatively, make a direct nomination of a GQL employee in accordance with this Policy.*
- ☞ *Interviews will be conducted in person (or by electronic method if necessary).*
- ☞ *The General Manager will determine the successful applicant.*
- ☞ *The General Manager will ensure that all applicants are advised in writing, of the results of the selection process.*
- ☞ *The Financial Controller is to be informed of the details of the successful applicant.*

SMOKE FREE WORKPLACE

Policy

- The GQL will provide a smoke free working environment so as not to expose employees to the proven dangers of active and passive smoking. This action is also necessary so that the GQL can meet its obligations to provide a healthy and safe workplace for all employees and to prevent injury or illness caused from workplace activities.
- GQL employees are not permitted to smoke while on official business in GQL buildings and vehicles as well as when attending work events in an official capacity.

Procedure

- ☞ *The General Manager will ensure that all employees are made aware of this Policy.*

STUDY ASSISTANCE PROGRAM

Policy

- The GQL may provide leave and/or financial assistance to employees who are undertaking a course of study which is approved under this Policy (refer also to GQL Policy on Leave).
- Approval of a particular course of study for eligibility to leave and / or financial reimbursement will be objectively determined by the Board (on recommendation by the General Manager). The Board and General Manager will have regard to the degree of relevance or desirability of the course content to the functions performed by the GQL.
- A course of study needs to be undertaken at a recognised educational institution.
- Approval for eligibility may also be influenced by an employee's work performance.
- To be eligible for leave or financial reimbursement, employees must submit applications to the General Manager and have their eligibility status approved by the Board, prior to commencement of the course of study. If approved as eligible, the grant of specific leave or financial reimbursement will then be considered in the context of the course and the following Policy.

Leave Assistance

- The grant of leave on full pay will be considered where the following activities cannot be undertaken outside normal working hours:
 - travel and attendance at examinations;
 - course attendance requirements (including travel).

The grant and extent of leave is subject to GQL convenience.

- Employees may use accrued time and / or apply for leave without pay to supplement the above leave or to study for examinations.

Financial Assistance

- Provided that eligibility for fees reimbursement for a course of study has been approved by the Board prior to commencement of the course, the Board (on recommendation by the General Manager) may approve total or partial

reimbursement of the actual tuition or enrolment fees for a course after it has been successfully completed. No other fees will be paid or reimbursed.

Where only part of a course of study has been successfully completed, reimbursement will be considered at the discretion of the Board, for those subjects which were successfully completed ie, on a proportionate basis of the whole course.

Procedure

- ☞ Employees seeking either leave or reimbursement of fees for a course of study must make application (including a **Leave Application** form if relevant) to the General Manager prior to commencing the course. The grant of leave or approval of fees reimbursement is subject to obtaining such prior eligibility approval from the General Manager.*
- ☞ Employees are required to attach relevant documentation from the learning institution to an application eg, course content, attendance and examination timetables. To seek reimbursement of fees, employees must attach:
 - a certified photocopy of course results for the semester for which they are seeking reimbursement;*
 - original fees receipts (including from the Australian Taxation Office).*

*(Where original receipts are not available, certified photocopies or a Statutory Declaration are acceptable).**
- ☞ The General Manager will advise employees whether, and on what basis the course of study has been accepted as relevant to GQL functions as well as details of any leave and / or eligibility for fees reimbursement. This advice needs to be provided to the employee prior to commencement of the course.*
- ☞ The General Manager will forward details to the Financial Controller for processing.*

TELEPHONE USE

Policy:

- Employees are required to apply best practice telephone procedures and manner to establish and maintain a high level of customer service: this includes a high level of courteous and professional service and answering all ringing telephones in the vicinity of the employee within 3 rings.
- Any message from a GQL client must be recorded and brought to the attention of the relevant employee at the earliest opportunity.
- The GQL expects that the number and duration of any personal telephone calls be kept to a minimum: official GQL calls are to be accorded priority on all occasions.
- Employees are not to make personal STD calls without specific prior approval of the relevant supervisor / manager.
- Mobile phone usage is only for GQL business. The cost of private usage of GQL mobile phones by GQL employees is to be reimbursed to the GQL.

Procedure

- ☞ *Supervisors / managers are to advise all employees of this policy.*
- ☞ *Supervisors / managers are to ensure that all employees are adequately trained in the use of the telephone technology as well as best practice telephone procedures and manner.*

UNIFORM

Policy

- In order to uphold the corporate image of the organisation, the GQL will make available uniforms for employees. The uniform design, colour and material will be authorised by the General Manager from time to time.
- It is compulsory for stewards and front office staff to wear the GQL uniform at all times.
- The GQL stewards uniform will consist of:
 - blazer (1 item)
 - shirt (3 items)
 - slacks and / or skirt (2 items)
- The GQL front office staff uniform will consist of:
 - shirt (2 items)
 - slacks and/or skirt (2 items) or alternatively
 - dress (2 items)
- The initial issue of uniforms to stewards and front office staff will be supplied at GQL's expense.
- The GQL will re-issue the GQL uniforms to stewards and front office staff on the following basis and subject to the formula described below:
 - blazer once every 3 years
 - shirt once a year
 - slacks and / or skirt once a year
 - dress once a year
- The employee will meet the cost of re-issue of individual uniform items on the basis of 50% by the GQL and 50%.
- The General Manager may approve employee requests that the GQL purchase re-issue items provided the employee reimburse the GQL 50% of the purchase cost, by deduction from salary over an agreed number of paid period. Any such agreed periodic deduction from salary will be authorised by the employee in writing. This clause only relates to stewards and front office staff.

- Employees other than stewards and front office staff may participate in the GQL's uniform policy on an optional basis. Such employees who choose to wear the GQL uniform are fully responsible for the purchase cost of the uniform.
- Employees who are required from time to time to attend GQL special functions will be supplied with a GQL uniform for the purpose of the function. Employees are responsible for returning the uniform to his or her Manager/Supervisor as soon as possible.
- Employees are responsible for ensuring that the uniform is in a neat and tidy state when on duty, that the uniform is subject to only normal wear and tear and for meeting necessary cleaning costs.
- Employees are responsible for supplying and wearing appropriate accessories to supplement the uniform eg shoes, tie.
- The GQL uniform is to be worn by employees only when on duty.
- Employees who materially damage their uniforms are responsible for replacing their uniforms.

Procedure

- ☞ *Employees are to request re-order of individual items of the uniform when they are no longer in a neat and tidy state suitable to presenting a positive image of the GQL.*
- ☞ *The Financial Controller is to ensure that a written periodic deduction authority is obtained from any employee when such arrangements have been agreed between the General Manager and the employee, in relation to the cost of re-issue items of the uniform.*
- ☞ *Employees other than stewards and front office staff are invited to consider wearing the GQL uniform and request supply from the General Manager.*

VEHICLE USE: GRA

Policy:

- This policy is adopted for general vehicle use and subject to the GQL employee's employment agreement as to vehicle use.
- Employee are to use GQL owned vehicles only for the purposes specifically authorised by the General Manager or the relevant supervisor / manager and must possess a current relevant drivers licence.
- Employees are expected to drive GQL owned vehicles at all times in accordance with the State Traffic Act and requirements and in a safe and courteous manner so as not to bring discredit to the GQL.
- Employees are expected to ensure that GQL vehicles are maintained and serviced in accordance with the recommendations of the manufacturer and maintained in a clean and tidy condition (the GQL will reimburse reasonable cleaning expenses).
- Passengers other than GQL employees are not to be transported in GQL owned vehicles without the express permission of the General Manager or the relevant supervisor / manager.
- GQL owned vehicles may not be used for home garaging purposes unless specifically approved by the General Manager.
- Employees are to maintain a log of trips undertaken in GQL owned vehicles: the log will specify the date, reason for travel and the signature of the driver for each trip.
- GQL fuel cards and reimbursement arrangements are supplied solely for use with GQL owned vehicles and must not be used in association with any other vehicle.
- Smoking is not permitted in GQL owned vehicles.
- Employees are personally liable for the payment of any traffic and parking fines related to their driving of GQL owned vehicles.
- GQL employees who drive when over the statutory alcohol limit (currently .05) are not covered for compensation by *WorkCover*, if injured when involved in an accident.

- Employees are not to drive GQL vehicles when under the influence of alcohol or other drugs. Employees who cause damage to vehicles when under the influence of alcohol or other drugs will be liable for the cost of repairs.
- Vehicle usage is also subject to the GQL policy of insurance from time to time.

If an employee is involved in a vehicle accident and subsequently charged and convicted in a Court, the GQL may determine that the employee is liable for the payment of any excess.

Procedure

- ☞ *Prior to driving any GQL vehicle, employees are to provide a copy of their current drivers license to the Financial Controller for records purposes. Employees are to advise any change in the status of their license.*
- ☞ *Employees are to monitor the vehicle service record when driving and initiate necessary action.*
- ☞ *Employees are to refer actual and forecast major maintenance and service requirements and difficulties to the General Manager for authorisation of action and expenditure.*
- ☞ *In the event of a vehicle accident, GQL employees should not admit liability of any kind. The incident must be reported to the General Manager as soon as practicable.*

WORKPLACE HEALTH and SAFETY

Explanation

This general explanation is provided for the information of employees.

- ◆ The *Workplace Health and Safety Act 1995* (“the Act”) provides a framework for managing health and safety in any workplace where work is performed; it places various responsibilities on the GQL as employer and on employees. The objects of the Act include the creation of healthy and safe workplaces and the prevention of injury, illness or death to a person caused by a workplace or workplace activities.
- ◆ The Act applies to the GQL, all full time, part-time and casual employees as well as individual GQL Board members.
- ◆ GQL obligations under the Act include:
 - the prime responsibility to provide a safe and healthy workplace -
 - . for employees
 - . for visitors and other persons
 - . to identify and reduce or remove unsafe situations;
 - register the workplace (and annually renew) with the Workplace Health and Safety section of the Department of Training and Industrial Relations (“WH&S”);
 - register specific plant and equipment eg, air conditioning unit / cooling tower;
 - safe storage and handling of specified dangerous goods eg, toxic substances;
 - develop, promote and implement appropriate health and safety procedures;
 - provide appropriate information and training for employees;
 - report serious work related injuries, illnesses and dangerous events to WH&S.

- ◆ Employee obligations under the Act include to:
 - act safely and responsibly in the performance of official duties;
 - take reasonable care (in relation to self and others);
 - not misuse equipment;
 - follow instructions about health and safety matters;
 - where applicable, use personal protective equipment supplied by the GQL.
- ◆ The Act provides that WH&S inspectors may inspect a workplace in relation to health and safety matters and if warranted, issue improvement notices to the employer.
- ◆ Substantial penalties may apply to the GQL or employees in the case of serious work related injury or illness which occur as a result of non-compliance with the Act.
- ◆ A GQL employee may be elected by all employees as a Workplace Health and Safety representative. The Act provides that a representative may:
 - consult with the General Manager and employees on GQL health and safety matters;
 - carry out health and safety inspections;
 - review the circumstances of any work related accident or illness;
 - help resolve workplace health and safety issues.

Policy

- The GQL accepts its responsibilities under the Act and in this context will work towards:
 - fewer workplace incidents or accidents;
 - lower absenteeism;
 - improved productivity;
 - better work morale;

- lower workers compensation premiums (because of fewer injuries and illnesses).
- In consultation with employees, the GQL will adopt the following risk management approach to reduce or remove the risks associated with health and safety at GQL workplaces and race tracks controlled by the GQL:
 - provide relevant information and training to employees;
 - identify actual and potential risks associated with GQL activities, including by an annual audit;
 - assess work activities and any associated risk;
 - reduce any risk;
 - ensure that a suitably trained employee is asked to volunteer as a First Aid Officer to be available during normal working hours at the Albion Park office.
- Undertake an annual audit and ad-hoc audits as necessary in relation to the health and safety matters including those identified at Attachment 1.
- The General Manager will ensure that a Fire Evacuation Drill procedure is devised and displayed for GQL workplaces.
- The GQL authorises the election of a workplace health and safety representative to liaise with the General Manager and employees on health and safety matters relevant to the GQL.

Procedure

- ☞ *The General Manager will ensure that basic information on relevant workplace health and safety matters is available to all employees on induction and on an ongoing basis.*
- ☞ *The General Manager will ensure that workplace health and safety audits are conducted as required.*
- ☞ *The workplace health and safety representative will liaise with the General Manager and employees on health and safety matters as required.*

Attachment 1.

AUDIT CHECKLIST- WORKPLACE HEALTH AND SAFETY

- access to work areas and exits
- air conditioning
 - temperature
 - fresh air mix
 - plant cleaned
- alcohol and drug use
- asbestos
 - (building age)
- audits
 - procedures and equipment
 - regular
- bomb threat
 - plan / written procedures
 - evacuation drill
- chemicals
 - glues
- disabled persons
 - clients
 - staff (reasonable adjustment)
- doors
 - open safely
 - cupboards
 - glass (visibility)
- education of staff
 - induction training
 - checklists
 - incident reports
- electrical
 - loose / old wiring or leads
 - (no) staff personal equipment
 - regular testing
 - not near water
 - earth / double insulate
 - power points (don't overload)
- ergonomic
 - workstation / furniture & seating design
 - body posture etc
 - job design / analysis
 - VDU glare
 - keyboard operation
- evacuation
 - plan / written procedures
 - regular drill
 - corridor obstructions
 - emergency lighting
 - exit signs
 - notice board promotion
- fire
 - regular evacuation drills
 - maintenance of extinguishers etc
- first aid
 - employee(s) trained as officer

- floor surfaces
 - kit
- hazardous substances
- housekeeping
 - 'clean office' policy
- lifting
- lighting
 - bright
 - glare / reflection
- machinery and equipment
- manual handling
- noise levels
 - office equipment (printers, photocopiers etc)
 - external sources
- office plan
- race tracks
 - catching pen procedures
 - building design and safety
- record keeping
 - record all incidents and accidents
 - equipment maintenance etc
- rehabilitation
- slipping
 - rain affected areas
 - tiles
- smoke free
- solar UV radiation
- storage areas
- stress
 - prevention
 - management
- training
 - induction
 - new equipment
 - refresher training (fire extinguishers etc)
 - health and safety representative
- vehicle - condition
 - extent / location of driving expected
 - driver education
- violence
 - clients (safe exit for staff)
 - staff (procedures)
 - harassment



Financial
Management
MANUAL

INTRODUCTION

BOARD GOVERNANCE AND RESPONSIBILITIES

BUDGET AND FINANCIAL MANAGEMENT

REVENUE

EXPENSES

GRANTS

ASSETS

LIABILITIES

EQUITY

MISCELLANEOUS

FINANCIAL MANAGEMENT MANUAL

PREFACE

To

Greyhound Racing Authority

This Financial Management Manual provides detailed policies and procedures to enable the Queensland Harness Racing Board to carry out day-to-day accounting and financial functions. The Manual also provides some guidance to the best practice principles of financial management that should be applied within a Statutory Body.

I commend the Manual to assist all members and officers of the Board in exercising their duties.

Hon. Merri Rose MP
Minister for Tourism and Racing and
Minister for Fair Trading

Date:

The *Financial Administration and Audit Act 1977* and *Financial Management Standard 1997* provide the principles and policies of financial administration and audit for Statutory Bodies (as defined by these Acts).

A Statutory Body is defined under the *Financial Administration and Audit Act 1977* to mean an authority, corporation, instrumentality or office that:

- Is established under an Act; and
- Has control of funds; and
- Includes, or whose governing body includes, at least one member who is appointed under an Act by the Governor-In-Council or a Minister, or whose appointment is confirmed by the Governor-In-Council or a Minister.

This Financial Management Manual provides detailed policies to enable the Statutory Bodies within the racing industry to carry out day-to-day accounting and financial functions. It also provides some guidance to the best practice principles of financial management that should be applied within these bodies. The Manual provides all officers of the Statutory Body, including members of the Board, with an understanding of the financial affairs of the Body.

FORMAT

The policies stated in this Manual have been written in a generic pattern so that they may be applied across all Statutory Bodies in the Racing Portfolio. Where a Statutory Body may have or develop specific policies in relation to situations that relate solely to their activities, these policies should be incorporated as a separate part of the relevant chapter. It is the responsibility of each Statutory Body to update and document these policies.

AUTHORITIES FOR THIS MANUAL

There are references to applicable legislation and Queensland Government Guidelines throughout this Manual. To avoid duplication, a list of references are included here to assist Statutory Body officers in their understanding of the policies that govern and influence the management frameworks that must exist for operations. The list also includes references to the chapters to which the legislation and guidelines apply.

There are likely to be amendments to Acts, other legislation and guidelines. It is the responsibility of each Statutory Body to put procedures in place to ensure that they are aware of any changes and any amendments can be communicated to their officers.

UPDATE OF MANUAL

When situations alter, it is important that the Manual be kept current and updated. Any suggestions for changes or advice of outdated information are to be forwarded to the Racing Division, Department of Tourism and Racing, which is responsible for monitoring policy changes that affect all Statutory Bodies. The Division is responsible for monitoring policy changes, identifying necessary additions and deletions, and updating and distributing the Manual.

RESPONSIBILITY

Where this Manual is adopted by the Boards of Statutory Bodies, all officers of that Statutory Body (including Board Members) must comply with the generic and specific policies set forth in this Manual.

In circumstances where compliance is not possible due to local circumstances or prohibitive costs, written approval for non-compliance should be sought from the Board and advised to the Minister. Such changes should be formally recorded to ensure an audit trail of changes and approvals for changes or exemptions is maintained.

INSTRUMENT OF DELEGATION

The Manual is to be supported by an approved Instrument of Delegation for each Statutory Body. This document must contain the framework and conditions of delegations and authorisations within the Statutory Body.

DEFINITIONS

Due to the generic nature of this Manual, some terms have been used to describe titles of positions, forms and functional areas within the office of the Statutory Body. These terms may or may not fit with the actual terms used. Each Statutory Body should identify these differences and cross reference the definitions appropriately.

GOVERNING AND SUPPORTING LEGISLATION AND GUIDELINES

All legislation and documents that have been referenced in this Manual are summarised in the following table, including a cross-reference to the chapter in which they are specifically mentioned. Board members and staff generally of Statutory Bodies should have an understanding of their existence and application to the operations of the entity.

Name of Document	Chapter
QUEENSLAND GOVERNMENT LEGISLATION	
<i>Financial Administration and Audit Act 1977</i>	All
<i>Statutory Bodies Financial Arrangements Act 1982</i>	Assets; Liabilities
<i>Statutory Bodies Financial Arrangements Regulations 1997</i>	Assets; Liabilities
<i>Financial Management Standard 1997</i>	All
<i>Racing and Betting Act 1980</i>	All
<i>Public Sector Ethics Act 1994</i>	Miscellaneous

Name of Document	Chapter
<p>NON-QUEENSLAND GOVERNMENT RELATED LEGISLATION</p> <p><i>Income Tax Assessment Act 1997</i></p> <p><i>A New Tax System (Goods and Services Tax) Act 1999</i></p> <p><i>Cheques and Payment Orders Act</i></p>	<p>Expenses; Miscellaneous</p> <p>Miscellaneous</p> <p>Expenses</p>
<p>ACCOUNTING STANDARDS</p> <p>Australian Accounting Standards</p> <p>Statement of Accounting Concepts</p>	<p>Revenue; Expenses; Assets; Liabilities; Equity; Budget and Financial Management – Reporting</p> <p>Revenue; Expenses; Assets; Liabilities; Equity; Budget and Financial Management – Reporting</p>
<p>GUIDELINES AND DIRECTIVES ISSUED BY QUEENSLAND GOVERNMENT</p> <p>State Purchasing Policy</p> <p>Treasurer’s Guidelines for the Use of the Queensland Corporate Purchasing Card</p> <p>General Guidelines of Personal Expenses and the Use of Credit Cards by Public Service Employees</p> <p>Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector</p> <p>Queensland Treasury – Accounting Policy Guidelines (Reference Use Only)</p> <p>Queensland Treasury – Minimum Reporting Requirements for the Preparation of General Purpose Financial Statements of Government Departments 1998/1999 (Reference Use Only)</p> <p>Queensland Treasury – Guidelines for Grant Administration</p> <p>Welcome Aboard: A Guide for Members of Government Boards, Committees and Statutory Authorities</p> <p>Department of Employment, Training and Industrial Relations Directives:</p> <ul style="list-style-type: none"> – Travelling and Relieving Allowances – Motor Vehicle Allowances – Instructions and Procedures for Remuneration Arrangements for Part-Time Chairs and Members of Government Boards, Committees and Statutory Authorities (the arrangements) 	<p>Expenses</p> <p>Expenses</p> <p>Expenses</p> <p>Assets</p> <p>Revenue; Expenses; Assets; Liabilities; Equity; Budget and Financial Management – Reporting</p> <p>Budget and Financial Management – Reporting</p> <p>Grants</p> <p>Board Governance and Responsibilities</p> <p>Expenses; Board Governance and Responsibilities</p>

INTRODUCTION	1
ROLES	2
Role of Government Boards	2
Responsibilities/Reporting Relationships	2
Role	2
Role of Key Players	2
Chair	2
Board Members	3
Secretary	3
REMUNERATION	4
PERMITTED EXPENSES	5
Expenditure Policy	5
Personal/Private Expenses	6
Entertainment	6
Travel Expenses	7
Domestic Travelling Expenses	7
Overseas Travelling Expenses	9
Travel Bookings	10
Class of Travel	10
Extension of Travel for Personal Purposes	11
Travelling Expenses for Associates	11
Airline Incentive Schemes	11
Motor Vehicle Allowances	12
Private Telephone Reimbursements	12
INDUCTION	14
DUTIES AND RESPONSIBILITIES OF BOARD MEMBERS	15
Enabling Legislation	15
Common Law	15
EVALUATING BOARD PERFORMANCE	19
Reporting Requirements	20
BOARD MINUTES	21

Introduction

Statutory Bodies are, in most cases, established by or under an Act of Parliament. They are most often administered by a number of people specially appointed by a Minister, Cabinet or by the Governor in Council because of their particular skills or experience. These individuals are appointed for a fixed period of time and together make up a Board that is responsible to a Minister for the general direction, control and operations of the body.

The governing legislation for the Statutory Bodies responsible for racing includes:

- *Financial Administration and Audit Act 1977*
- *Statutory Bodies Financial Arrangements Act 1982*
- *Statutory Bodies Financial Regulations 1997*
- *Financial Management Standards 1997*
- *Racing and Betting Act 1980.*

Appointment to a Government Board carries with it many serious responsibilities and obligations. Lack of knowledge of these responsibilities can damage both the individual and the Body for whose performance they are accountable to a Minister. It is vital that persons currently undertaking or newly chosen for such appointments fully understand the scope of the task so that they are able to contribute in a meaningful and positive way to the administration of their Bodies. This understanding includes knowledge of the responsibilities of Statutory Bodies as specified in the governing legislation.

Roles

ROLE OF GOVERNMENT BOARDS

Responsibilities/Reporting Relationships

It is useful to examine to whom the Board of the Statutory Body is responsible in determining its type and function. It may be the case that the Board is responsible to the relevant Department and/or portfolio Minister. A good test is to determine whether the Minister can intervene in Board decisions or policy, can give the Board directives, or set strategic direction/policy direction of the Board.

Role

The role of the Boards of Statutory Bodies is to:

- Be strategic – adopt a long term perspective; anticipate and respond to changes in the external environment; and integrate various corporate functions
- Be customer focussed – be aware of community and Government opinion and needs; balance the demands of different stakeholders
- Ensure the highest standards of financial accountability and ethical behaviour
- Maintain effective planning, information and control systems to monitor progress.

ROLE OF KEY PLAYERS

Chair

The Chair of the Board leads and directs the activities of the Board. Responsibilities of the Chair include:

- Setting the Board agenda
- Facilitating the flow of information and discussion
- Conducting Board meetings and other business
- Ensuring the Board operates effectively
- Liaising with and reporting to the Minister
- Reviewing Board and organisational performance
- Inducting and supporting Board members.

The Chair must be fully conversant with the business of the agency and ensure compliance with all legal and statutory obligations. The Chair may be invited to have input to the nomination/selection/recruitment process for new Board members. However responsibility for selection rests with the Minister and Cabinet, so it would not normally be appropriate to tender suggestions or advice unless invited to do so.

Board Members

The collective role of a Board is predominantly to:

- Set corporate direction and goals
- Oversee the plans of managers to achieve these goals
- Review progress at regular intervals.

Members are required to familiarise themselves with the organisation that the Board represents, and with members' legal and statutory obligations. They must take reasonable steps to ensure that they are informed about the business of the Board to make informed decisions. Individual Board members are collectively responsible for Board decisions and Board members should support and adhere to all Board decisions. Members can exercise a dissenting view on particular decisions which should be appropriately minuted.

Secretary

The Board Secretary provides administrative support to the Board. The Secretary is responsible for taking the minutes of the Board.

Remuneration

The members of some Government Boards are remunerated while others are not – it is often dependent on the role or function of the Board.

Generally, remuneration for chairs and members of Boards is approved by a prescribed authority in the enabling legislation. To comply with the requirements of the enabling legislation, the approval of the prescribed authority must be obtained for the initial determination of fees and allowances and on each and any subsequent occasion when the fees and allowances are adjusted for that Government Board.

The *Racing and Betting Act 1980* states the approval necessary for the payment of expenses, fees or allowances, e.g. Governor-In-Council approval may be required.

The Department of Employment, Training and Industrial Relations administers Cabinet-approved *Instructions and Procedures for Remuneration Arrangements for Part-Time Chairs and Members of Government Boards, Committees and Statutory Authorities* (the *Arrangements*). These provide guidance on appropriate remuneration for part-time chairs and members of Government Boards.

Provision also exists for remuneration reviews of Government Boards, travelling expenses, superannuation, other benefits, casual vacancies and transitional arrangements, and there is flexibility to vary the level of meeting fees 'in exceptional circumstances'.

If approved, chairs and members may be paid all necessary and reasonable expenses incurred while travelling on approved Board business and attending meetings in accordance with the arrangements set in Directives issued under the *Public Service Act 1996*.

Fees paid to chairs and members of Boards are assessable under the *Income Tax Assessment Act*.

Other benefits, such as the provision of a vehicle for private use or the payment of telephone accounts, are to be declared at the time of the remuneration review and at appointment.

Permitted Expenses

EXPENDITURE POLICY

(See also 'Expenses', in this manual.)

Permitted expenses are those types of expenses that are allowed to be incurred in accordance with the *Racing and Betting Act 1980*, Statutory Body policy and any other legislative guidelines, legal agreements or ethical constraints.

Generally, expenses incurred in the course of official business that are for the benefit of the Statutory Body, promote the goals and strategies identified in the strategic plan and are necessary to ensure effective operations are considered to be permitted expenses.

All officers with delegated financial authority to approve expenses on behalf of the Statutory Body are to ensure that only permitted expenses are approved for payment.

The Board must establish and approve the rules and expenditure within the policies documented in this manual of expenditure entitlements of the Chair and Board members. All expenditure must be:

- For official purposes
- Approved
- Properly documented
- Available and able to withstand public scrutiny, including both internal and external audit
- Reasonable.

All payments for allowances or expenses due should be in accordance with the relevant legislation, Award Directive and/or conditions of appointment, and as approved by the Board.

The primary safeguard is the maintenance and retention of adequate declarations and documentation.

The incurrence of expenses must be approved before being incurred.

Reimbursement for any expenditure will only be made upon submission of an Expenditure Form with adequate documentary support.

Board members must not authorise their own expenses, regardless of the amount.

The expenses of the Chair must be approved by another Board member.

An itemised list of expenditure made by the Board members must be submitted to each Board meeting for ratification, and included as part of the Minutes documentation.

All claims for expenditure must be submitted within two weeks of being incurred.

Permitted Expenses

PERSONAL/PRIVATE EXPENSES

Examples of expenses that are generally considered non-official and therefore may not be permitted as Statutory Body expenditure include:

- Non-official entertainment and travel costs (e.g. mini-bar, video hire costs)
- Tips or gratuities (unless the officer is travelling in an official capacity in a country where this is the custom)
- Personal grooming expenses
- Fines for parking and traffic offences occurring while attending to official business
- Costs for private use of official telephones
- Cost of gifts of an essentially private nature.

In circumstances where the nature of expenses incurred is unclear, the General Manager and Board are to be approached for determination.

ENTERTAINMENT

Entertainment, or expenditure for official hospitality, should be incurred only where it is considered essential to facilitate the conduct of public business. Such hospitality should not be a substitute for business meetings which would ordinarily be conducted in the office.

It may be periodically appropriate to provide hospitality to individuals of particular importance to the Statutory Body. Examples include:

- Interstate and overseas visitors (where the Statutory Body has an interest in, or a specific obligation towards, facilitating the visit)
- Representatives of business or industry, trade unions, recognised community organisations, the press and other media.

Prior written approval must be obtained from the appropriate delegate before the function takes place. A copy of this approval must support the resulting claim for payment that is submitted for processing.

Expenditure associated with the attendance of spouses/partners and children of Statutory Body officers at official functions are to be met personally by that officer. Such expenditure is considered personal and is not to be funded by the Statutory Body. However, if the Chair or Board Member receives an official invitation to a formal, necessary and approved meeting or function, and the invitation is extended to their spouse or partner, the invitation can be accepted and the Board should pay any reasonable associated expenses. However, prior approval from the Board or Minister must be obtained.

Details of all attendees at functions funded by the Statutory Body must be provided to support the claim for payment.

All expenditure must be for official purposes and officers must be able to identify the benefit for the agency, the State and the public generally. The purchase of alcohol for staff consumption is generally not regarded as fulfilling these guidelines.

Permitted Expenses

Board members will not claim for alcohol consumption while travelling.

Board members who travel are provided with an incidental allowance which covers such items as drinks, papers and private phone calls.

Any mini-bar purchases are a personal expense of the travelling officer and are not to be charged to the account of a Statutory Body.

TRAVEL EXPENSES

Domestic Travelling Expenses

The Board should adopt the travelling allowances prescribed in the Directive issued by the Department of Employment, Training and Industrial Relations (DETIR) as its rates for travelling allowance.

Individual expenditure exceeding \$10 must be supported by original invoices or receipts attached to the Expenditure Form. For expenses below \$10 not supported by an invoice or receipt, the name of the supplier and nature of goods or services supplied should be recorded on the form.

Private expenditure should be deducted from any claim.

Components. A travelling allowance comprises the following three components:

- **Meals.** Meal allowance is payable from the date of departure until the date of return and is based on the meal times during which an officer is absent from their usual place of business and/or residence, and whether the meals were obtained in a capital city or another centre.
- **Accommodation.** The accommodation component of the travelling allowance is payable for the number of overnight absences in a period of travel and is based on the centre at which accommodation is obtained.

When accommodation is obtained at a cost that is *more* than the maximum allowance, the General Manager must approve the payment of the actual accommodation costs.

When accommodation is obtained at *no cost* to the officer or the Statutory Body pays the costs of accommodation directly to the provider, accommodation allowance will not be payable.

- **Incidentals.** Incidental allowance is payable for the number of 24 hour periods and/or part thereof during which an officer is absent from their official place of business and/or residence. The incidental allowance is intended to cover the extra incidental costs of being away from home – not actual expenditure for items such as taxi fares (such expenditure should be claimed in addition to travelling allowance, when the claim is acquitted).

A Board may approve a maximum daily limit for incidental expenses. In such cases, the rate should be reviewed at least annually.

Advance payment. Generally, travelling allowance will be claimed by an officer or approved non-officer *before* they commence the period of travel for which expenses are sought. In such cases, the claimant may seek an advance of 100% of the allowance that is anticipated to be due. A claim for an advance of travelling allowance is to be supported by a completed Travelling Allowance Form (if available) and a completed and approved Expenditure Form.

Permitted Expenses

After accepting a cheque for a travelling allowance advance and signing the Expenditure Form, recipients are responsible for the safe custody of the monies and ensuring that the advance is expended only for the purposes for which it was granted (i.e. for expenses relating to the period of official travel).

Acquittal of advance payments. On returning from a period of official travel, a claimant that has received an advance of travelling allowance must promptly acquit the advance by submitting accommodation receipts and any other documentation supporting the allowance paid (e.g. receipts for meals). Additional travelling expenses that are not covered by the travelling allowance (e.g. taxi fares) are to be claimed at this time.

An acquittance form certified by the claimant and the documents supporting the acquittal of a travelling allowance advance are to be affixed to the Expenditure Form used for the original advance payment. Any extra amount payable to the claimant is to be processed at this time.

If a reimbursement of some of the travelling allowance previously advanced is due to the Board, the unacquitted portion is to be immediately recovered from the claimant (see 'Repayment of Travelling Allowance', below).

Outstanding advances. A travelling allowance advance is deemed to be outstanding when the claimant has returned from the travel for which the advance was made but has not submitted an acquittal. Outstanding travelling allowance advances are to be regularly reviewed by an independent officer. When it is required, the General Manager and Chair should be approached to determine appropriate recovery action.

Repayment of travelling allowance. A Board member who has received an advance of travelling allowance would be required to repay some or all of that advance to the Statutory Body when:

- the travel is cancelled
- the first date of travel is postponed for more than a week
- the period of travel is reduced
- the total amount paid in advance changes
- the entitlement to receive the travelling allowance is found not to exist.

As recipients are required to use advanced travelling allowance only for the purposes for which it was granted, immediate repayment of the unacquitted portion of an advance is required. Monies repaid to the Board are to be credited to the same account as that from which the advance was originally made.

Travelling expenses – actual. An alternative to the payment of travelling allowance is to 'travel on actual expenses'. This is where the officer receives reimbursement for actual expenditure by keeping all receipts. Actual expenditure does not include air fares and vehicle hire expenses – expenses of this nature should be organised and accounted for before the commencement of travel.

Written approval is to be received in advance to travel on actual expenses. The submission for approval should be supported by an estimate of the cost of travel.

The delegate approving travel on actual expenses should be aware of the standard travelling allowances paid within Government to ensure that only reasonable expenses are claimed by the travelling officer.

Permitted Expenses

Overseas Travelling Expenses

Approval. All overseas travel requires the support and approval of the Board. Prior consultation and approval must also be received from the Minister.

A submission should be completed for approval. The submission should include the following information:

- Name(s) of officer(s) travelling
- Position
- Destination (e.g. conference location)
- Countries/places to be visited
- Period of trip/conference
- Reason for travel/conference
- Benefits/objectives
- Details of consultation taking place with other bodies/entities that may be interested in the proposed visit
- Total travel costs
- List(s) of reports to be submitted on return of officer(s)
- Details of any leave being sought by officer(s) while overseas
- Support of Chair of the Board.

Travelling allowance rates. The Board should adopt the travelling allowances prescribed in the Directive issued by the Department of Employment, Training and Industrial Relations (DETIR) as its rates for travelling allowance.

Travel advances. Although not a preferred option, travel advances may be issued for overseas travel. The correctly completed travel advance form must be received no later than 14 days before the commencement of travel.

It is the responsibility of the person undertaking the travel to purchase traveller's cheques or exchange currencies directly with a banking agency.

Bookings. Air fares, accommodation and conference fees may be paid for before the commencement of travel using the appropriate procurement means.

Travel diary. A detailed travel diary must be maintained by the travelling officer. The diary is to record all activities, travel and related expenses for the planning and duration of the trip. This information includes:

- Departure and arrival times, and any delays
- Meals, drinks and the name and location of restaurants used.

To assist in later interpretation of the log, exchange rates and currencies are to be included, and receipts should be stapled to the relevant pages of the diary.

Permitted Expenses

The following is an example of a travel diary:

TRAVEL DIARY					
Name: _____		Period Beginning: _____			
Signature: _____		Period Ending _____			
Date of Entry	Activity Commenced		Travel Itinerary (Place of Activity)	Duration of Activity (Hours/Days)	Purpose of Activity
	Time	Date			

*The travel diary is to be completed for all overseas travel
 All time away from home/office is to be accounted for, including time taken as leave
 Entries are to be made at the time of the activity, or as soon as reasonably practical*

Acquittal of expenses. On return, the travel diary is to be forwarded to the Finance area with the completed travel acquittal form within 14 days.

Travel Bookings

Travel service provider. Travel arrangements involving air, rail or coach travel must be made through an accepted service provider. Statutory Bodies should optimise the market share based rebates and discounts available when Standing Offer Arrangements are negotiated. These rebates and discounts are usually over and above the discounts secured in respect of the individual air fare.

Class of Travel

In determining the class of travel available, the Statutory Body should refer to the Cabinet-approved 'Instructions and Procedures for Remuneration Arrangements for Part-Time Chairs and Members of Government Boards, Committees, Statutory Authorities'.

Domestic air travel. All Board members shall travel economy class on domestic air fares, unless the trip exceeds three hours actual flying time.

Overseas air travel. The Board must approve the class of travel available for members when travelling overseas.

Permitted Expenses

Extension of Travel for Personal Purposes

Conditions for extending travel. When travelling on official business, Board members may extend the period of travel for personal reasons, either before or after the official component of the trip, provided that:

- Prior approval is obtained from the Board; and
- Any additional expenses incurred are the responsibility of the travelling officer (e.g. air fares for extended travel or split trip, accommodation, meals, taxi fares and incidental items).

Travelling Expenses for Associates

Approval. Only in exceptional circumstances, where specifically approved by the Board, and where the attendance of an associate is of demonstrated benefit to the Board, are the travel and associated costs of an associate to be met by the Board.

An 'associate' will include a spouse, accompanying person and/or family member of the Chair, Board Members and General Manager.

Costs for associates. Where an officer is accompanied on official travel, the Board generally does not meet the costs of:

- Fares for the associate(s)
- Additional accommodation charges that are beyond those costs associated with the arrangements for the officer
- Meals, drinks and incidentals for the associate(s)
- Laundry, dry cleaning and grooming costs for the associate(s).

Recipients of travel advances are required to submit an acquittal upon completion of their official travel.

However, if the Chair or a Board member receives an official invitation to a formal, necessary and approved meeting or function, and the invitation is extended to their spouse or partner, the invitation can be accepted and the Board should pay any reasonable associated expenses. However, prior approval from the Board or Minister must be obtained for the function.

AIRLINE INCENTIVE SCHEMES

Frequent Flyer Programs. Since the inception of frequent flyer schemes in Australia, the Queensland Government has had a clear policy that no individual may receive private benefit from work related travel expenditure for both domestic and international travel.

Any benefits accruing from travel at the Statutory Body's expense shall be used only for official purposes.

Frequent flyer points accrued from official business shall not be used by officers to upgrade to a level of travel to which the officer is not normally entitled.

Permitted Expenses

However, savings can be achieved on travel undertaken for official purposes. The frequent flyer scheme is one method available to Boards to reduce travel costs through the redemption of available points.

An application form must be completed for all new memberships, supported by a declaration from the applicant that all benefits accruing from membership shall be for official purposes only. The applicant must also provide authority to cancel the membership and forfeit all accrued points upon cessation of employment.

Membership to a frequent flyer scheme should be approved only where a Board Member anticipates travelling at least 12 times over a 12–18 month period.

Airline Executive Service Clubs. Corporate memberships to airline executive service clubs (e.g. Golden Wing and Qantas Club) will be approved at the discretion of the Board.

The criteria for membership shall be generally restricted to officers who fly frequently and whose official duties while travelling are assisted by the facilities offered by these clubs.

Membership should not be awarded as a prestige symbol.

MOTOR VEHICLE ALLOWANCES

Approval. In accordance with the Board's delegations, it is necessary to obtain written approval before using a private motor vehicle for official purposes.

Use. A private motor vehicle shall be used for official purposes only when an official vehicle is not available. A private motor vehicle shall not be used unless:

- The vehicle is covered by either a comprehensive motor vehicle insurance policy or a third party property damage insurance policy; and
- The insurance policy has been endorsed to indemnify the Board against certain liabilities at law (this is a standard endorsement available from all insurance companies).

Claims. A Board member may claim duly related costs incurred for private motor vehicle usage.

Payments may be approved for motor vehicle allowance where officers are required to use their private motor vehicle for official purposes. Motor vehicle allowance payments shall be made in accordance with the current Directive issued by the Department of Employment, Training and Industrial Relations (DETIR). The claim must be supported by a copy of the approval to use the private motor vehicle for official purposes.

Rental. Vehicle rentals must be raised by a purchase order and paid directly by the Board. Direct hire requires prior approval by the General Manager.

PRIVATE TELEPHONE REIMBURSEMENTS

Entitlement. Private telephone allowance may be paid to Board Members with the entitlement prescribed in their appointment agreement.

Permitted Expenses

Claims may be paid for rental, service, connections, and local, STD, international and mobile telephone calls, as per the relevant employment agreement.

Approval. Board members seeking approval for private telephone allowance are required to submit a written application to the Board. The application must include the reasons for requiring the allowance.

Claims. Board members are required to pay the telephone account in the first instance, and claim the allowance using the appropriate expenditure claim form.

Claims for private telephone allowance require the certifications of the claimant and appropriate financial delegate.

Claims must have the corresponding telephone account and receipt/receipt advice attached. Where the officer is claiming actual costs for STD, international or mobile telephone calls, the purpose of each call is to be provided with the claim.

Induction

All new Board members should receive an introduction to the workings of the organisation, their role and responsibilities, and administrative arrangements. The induction process may include information, familiarisation, training and socialisation.

For example, a new Board member may receive copies of the following:

- Enabling legislation
- Any other relevant legislation
- The three most recent annual reports/accounts
- The last six months' Board and committee minutes
- Relevant press clippings
- Government/industry reports
- Economic efficiency or performance audits
- Current Ministerial directives
- Code of conduct
- Copies of any relevant policy guidelines or statements (including Financial Management Manuals)
- History of the Board and the size of the Board.

The new member may also be given details of:

- Time commitment required in Board meetings
- Briefings
- Public meetings
- Tenure and removal from office
- The Board's reporting structure
- Attendance requirements (formal notice of absence)
- Applicable accounting standards
- Remuneration structure
- Financial performance
- Declaration of private interests and strategic planning.

Duties and Responsibilities of Board Members

Duties and Responsibilities of Board Members

Board members assume a public trust and confidence by virtue of their role in public administration.

Board members must act ethically so as to support the continuance of public trust in the Government and observe the highest standards of behaviour and accountability.

ENABLING LEGISLATION

Members' primary legal responsibilities are often set out in the Board's enabling legislation.

Subordinate legislation (such as regulations, by-laws, ordinances and rules) may also set out members' responsibilities.

COMMON LAW

Under common law, a Board member has an obligation to:

- **Act honestly and exercise powers for their proper purposes**

Members of Boards must act openly and honestly at all times in the performance of their duties. They must ensure that they do not use information acquired by virtue of their position to directly or indirectly gain an advantage for themselves or any other person.

- **Avoid conflicts of interest**

Members of Boards should avoid actual or potential conflicts between their duties to the Government body and their personal interests or duties to others. The Cabinet Handbook states that Ministers are to seek assurances that proposed appointees to Boards do not have private interests that may restrict the appointees' public duty as a Board member. Board members have a public duty to declare any private interest that may impinge upon a Board discussion.

Members of Boards who have or acquire directly or indirectly personal or pecuniary interest in a matter decided or under consideration by the Board must:

- As soon as reasonably practicable, prior to the Board meeting, disclose to the Board full and accurate details of the interest; and
- Not take part in any discussion by the Board relating to the matter; and
- Be absent from the room when any such discussion or voting is taking place.

Disclosure of this information should be recorded in the minutes of the Board and reported to the Minister as soon as possible after the meeting.

If there is any doubt as to whether a conflict of interest exists, the relevant member should err on the side of caution, declare the interest and excuse themselves from the room when any discussion or voting is taking place on the particular issue that is the subject of the conflict.

Duties and Responsibilities of Board Members

A conflict of interest may arise, or be seen to arise, where benefits accruing to a Statutory Body Board member/employee (or family or friends of an employee) prevents, or may be seen to prevent, that employee from acting impartially when carrying out official duties.

A conflict of interest may arise from:

- Giving or receiving of a gift
- Carrying on Statutory Body business with persons or companies who offer undisclosed commissions in return for favouritism in decision-making
- Carrying on Statutory Body business with family, friends or business acquaintances
- An employee establishing a business to provide the Statutory Body with goods or services
- Any other circumstances in which an officer feels their integrity and professionalism is compromised.

Statutory Body Board members and employees are responsible for reporting real or apparent conflicts of interest to the General Manager and/or Board for determination.

Gifts. The following policies apply to gifts:

- Gifts are not to be given without prior approval of an officer delegated with the authority to approve gifts, as documented in the Instrument of Delegations.
- A gift may be accepted where none of the criteria preventing conflicts of interest applies.
- Within 14 days of receipt, officers receiving gifts must provide details of the gift to the Finance area. The details of all gifts given or accepted in the course of official duties must be recorded in a Gifts register.

Gifts include:

- A gift of entertainment, hospitality, travel or other benefit
- A gift of a valuable item of property, whether of a personal nature or otherwise, for example: ornate and precision display items, clocks, furniture, figurines, works of art, jewellery, personal items containing precious metals or stones, and fine art works.

Gifts given are those items that are on permanent loan for their expected useful life and are transferred from the Statutory Body to the recipient at no cost or below market value. The General Manager's approval is required when purchasing a gift to be given by the Statutory Body in an official capacity.

Gifts of a personal nature, including flower donations for staff members are not to be paid for from public monies. Such purchases are the personal responsibility of individual staff within the Statutory Body and are not an official expense.

Prior approval must be received from the approved delegate before gifts can be given. This approval should indicate the justification for providing the gift and anticipated cost. A copy of the approval must be attached to the expenditure voucher. The Accountant is responsible for ensuring that a Register is maintained of all gifts purchased and given by the Statutory Body.

Gifts received are those gifts of property or benefit made to a Board member or employee in their capacity as a representative of the Statutory Body. Gifts received become the property of the Statutory Body – not the individual – and are to be treated as per any other acquisition by the Statutory Body (including, where the value of the gift exceeds the recording threshold, as a non-current physical asset).

Duties and Responsibilities of Board Members

Statutory Bodies must maintain a register of gifts recording all gifts made and received including:

- Date the gift was made or received
- Officers and persons involved
- Description
- Approval for making the gift; and
- Present location.

In connection with official duties, Statutory Body Board Members and employees will not:

- Pursue any benefit from persons outside the Statutory Body
- Accept any gift for any official duties or functions that could create, or be seen to create, a conflict of interest
- Accept any gift of money or a loan benefit from any person or business.

When material gifts are received by the Statutory Body, the Board is to be advised through the regular administrative reporting arrangements (the General Manager is to determine when such notification is required). When appropriate, the Board is to approve the nature of the use to which the gift is to be put.

Other Conflicts. Immediately a Board member or employee becomes aware that a real or apparent conflict of interest has arisen or is likely to arise, that officer is required to notify the General Manager and Board, in writing, of the details.

Such notification is automatically required whenever an officer engaged in tender/supply or other discretionary functions is dealing with relatives, close friends or business associates, or when an officer believes that an offer of benefit has been made in order to induce favourable treatment.

The General Manager/Board is responsible for determining the extent of the conflict and instigating appropriate investigations to resolve the conflict.

When a Board member or employee believes that circumstances exist that will compromise their personal integrity or professionalism, that employee is to report the details to the General Manager and Board.

Integrity Commissioner. The Integrity Commissioner is an independent person who advises Queensland Government public officials on conflicts of interest.

The Commissioner may be contacted directly by some people, including the Premier, Ministers, Parliamentary Secretaries and their staff, Government backbenchers, statutory office holders, chief executive officers and senior officers of the Public Service whose request for advice is supported by their CEO. The *Public Sector Ethics Act 1994* contains complete details.

The Commissioner primarily provides advice on whether public officials may have a conflict of interest. The Commissioner is also responsible for giving the Premier advice on setting ethical standards and building the public's awareness about ethical issues. The Commissioner does not provide legal advice.

▪ Act in good faith

Because of their position of trust, members' actions and standards of behaviour are required to be exemplary. Members should act bona fide in the interests of the agency, and not in their own interest or to pursue personal agendas. Members are expected to act in the best interests of the agency, State and community.

Duties and Responsibilities of Board Members

- **Exercise diligence, care and skill**

Members of Boards have to ensure that they exercise diligence, care and skill in the performance of their duties. They must also take reasonable steps to inform themselves about the functions of the Board, its business and activities, and the circumstances in which it operates. A member must give close attention to Board affairs.

A member should obtain sufficient information and advice, and exercise an active discretion at all times to enable him/her to make conscientious and informed decisions. A member should also maintain confidentiality of Board discussions and information made available.

Evaluating Board Performance

Evaluating Board Performance

The performance of Boards and individual Board members cannot generally be measured solely against conventional corporate benchmarks based on financial performance. However, at least to some extent, performance can be measured by the long term success of an organisation in properly fulfilling the purpose for which it was established. Measures for the assessment of Board performance include the development of broad financial and non-financial performance measures for statutory authorities.

The *Financial Administration and Audit Act 1997* provides for the financial administration and audit of the State's public finances, and Departments and Statutory Bodies.

'Statutory Body' means an authority, corporation, instrumentality or office that:

- is established under an Act; and
- has control of funds; and
- includes, or whose governing body includes, at least one member appointed under an Act by the Governor in Council or a Minister, or whose appointment is confirmed by the Governor in Council or a Minister.

The *Financial Administration and Audit Act 1977* deals with financial administration of Statutory Bodies. In summary, each Statutory Body shall:

- Ensure that its operations are carried out efficiently, effectively and economically
- Cause funds and accounts to be established, and faithfully and properly kept
- Subject to the prescribed requirements and the Body's powers under the *Statutory Bodies Financial Arrangements Act 1982*, keep at a financial institution all monies of, or under the control of, the Statutory Body
- Ensure that liability for expenditure is incurred for only lawful purposes, and expenditure is made in compliance with any prescribed requirements
- As far as possible, having regard to the limits of its powers and control, obtain reasonable value for monies expended
- Ensure that its procedures, including internal control procedures, at all times afford adequate safeguards with respect to:
 - the correctness, regularity and propriety of payments made
 - the prevention of fraud or mistake
 - the assessment, levy and collection of revenue and other accounts receivable
- Ensure that fees and charges for services or goods supplied to any person are properly assessed and levied, and are adequate
- Ensure the prescribed requirements are met regarding preparation, certification and rendering of annual financial statements
- Prepare and update a Financial Management Manual (if appropriate)
- Establish and maintain an adequate internal audit function if so determined by the appropriate Minister

Evaluating Board Performance

- Perform all such other functions and duties with respect to its financial administration as are required to be performed by its prescribed requirements.

All Board members should refer to the Chapter 'Budget and Financial Management' of this manual to ensure their understanding of the current best practices of corporate governance management. The chapter includes the principles of corporate governance, elements of and need for effective planning, resource allocation, and performance monitoring and review.

REPORTING REQUIREMENTS

(see also Reporting Requirements in 'Budget and Financial Management', in this manual)

The *Financial Management Standard 1997* (which is subordinate legislation under the *Financial Administration and Audit Act 1977*) deals with corporate governance issues.

Boards of Statutory Bodies are to comply with this Standard. The Standard states the responsibilities of accountable officers and Statutory Bodies for aspects of corporate management including:

- Internal control structure
- System appraisals
- Internal audit functions
- Risk management
- Delegations
- Reportable gifts.

All Board members must be aware of their responsibilities according to these provisions.

The *Financial Administration and Audit Act 1977* also specifies that Statutory Bodies must prepare annual financial statements as soon as possible after the end of the financial year (or as agreed with the Auditor-General). The financial statements must be certified by the chairperson of the statutory authority and are subject to an audit by the Auditor-General. Statutory Bodies are also required to furnish to the appropriate Minister an annual report. Ministers are responsible for tabling such reports in the Legislative Assembly.

The *Financial Management Standard* specifies that Statutory Bodies must obtain information at least once every three months in regard to their performance to determine whether the operations are:

- Achieving the goals and delivering the outputs identified in their strategic and operational plans; and
- Meeting the output performance measures also identified in the plans.

The results of this review must be reported to the Minister.

Board Minutes

It is the duty of all Board members to ensure minutes are accurate and reflect a true and correct record of the procedures and decisions of meetings.

Minutes need to be comprehensive and contain sufficient detail of discussions and justifications for Board decisions.

Agendas. Agendas and Board submissions (including performance reports) should be circulated to all Board members and the Minister before the meetings to allow sufficient time to review the information that is to be discussed.

Content. Standard formats of Minutes include a record of:

- Name and address of the Board
- Date of the meeting
- Commencement and finishing time
- Attendees
- Apologies
- Confirmation of previous minutes
- Business arising from previous minutes
- Performance reports and matters
- General business.

Submissions. As minimum requirements, the following list of reports should be included as general items for submission to Board meetings:

- Monthly financial reports:
 - Profit and Loss Statements
 - Balance Sheet
 - Cashflow Statement

Reports should indicate budget versus actual month-to-date and year-to-date activity including material variances and reasons for such variances

- Quarterly performance management reports
- Changes to the Instrument of Delegations
- List of expenses incurred by Board members and employees of the Statutory Body
- Monthly bank reconciliations
- Investments
- List of expenditure for the month, including corporate card statements.

Board Minutes

Certifications. Minutes must be certified by the Chair, Secretary and General Manager.

Where reports and documentation are submitted and noted, they must be filed as part of the Minutes documentation.

It is the duty of Board members to ensure the minutes are accurate and reflect a true and correct record of the procedures and decisions of meetings.

A copy of the completed Board minutes should be forwarded to the Minister within a week of the meeting being held.

Contents

OVERVIEW	1
Corporate Governance	1
Control	1
Managing for Outcomes	1
Definition	2
DIAGRAM 1: Annual Management Cycle	3
Authority	4
PLANNING	5
Strategic Planning	5
Linking Agency Strategic Plans with Whole-of Government Outcomes	5
DIAGRAM 2: Making the Link	5
Minimum Requirements for Strategic Planning	6
Strategic Plan	6
Asset Strategic Plan	7
Information Systems Strategic Plan	7
Resource Management Planning	8
Outputs	8
Performance Indicators	9
RESOURCE ALLOCATION	12
Budget Process	12
General Information	12
Budget Strategies	13
Budget Formulation	13
PERFORMANCE MONITORING AND REVIEW	14
Overview	14
Financial Performance	14
Operational Performance	14
DIAGRAM 3 – Interrelationship between Accrual Output Budgeting and Performance Monitoring	15
REPORTING	16
Overview	16
External Reporting	16
Internal Reporting	17

Overview

CORPORATE GOVERNANCE

The roles and responsibilities of accountable officers and governing committees must be consistent with, and foster, an effective corporate governance framework. This framework is generally understood to encompass authority, accountability, stewardship, leadership direction and control. It is a term used to describe the overall management of the affairs of an organisation.

Accountable officers and governing committees do not need to know everything about financial management. They do, however, need to know what questions to ask to foster a financially astute attitude throughout the organisation.

CONTROL

Control has been viewed as a means of protecting agencies against financial and legal expenses. Control includes the identification and treatment of risks in order to optimise efficient, effective and ethical use of resources to achieve objectives.

Board functions as they relate to the control structure include:

- Establishing and monitoring policies directed to ensure that the Statutory Body complies with the law and conforms with the highest standards of financial and ethical behaviour;
- Adopting an annual budget for the financial performance of the Statutory Body, monitoring the results on a regular basis and ensuring consistency across budgeting, accounting and reporting systems;
- Adopting clearly defined delegations of authority across the agency; and
- Ensuring that the Statutory Body has adequate reporting systems, a proper control structure in place, and appropriate monitoring of compliance activities.

MANAGING FOR OUTCOMES

In 1997, the Queensland Government adopted a model called 'Managing for Outcomes' (MFO) as a key strategy in the pursuit of its overall State Strategic Plan.

MFO is about improving the Government's management of its funding of services and its resource base, and improving the quality of performance information available for strategic planning, resource allocation and operational control.

The MFO framework and principles should be adopted by all Statutory Bodies to assist the Government in meeting community needs for services and products (outputs) and to ensure an integrated approach to planning, budgeting and performance management is achieved.

The benefits of such an approach are:

- Promote quality, client responsive services;
- Maximise value for money in service delivery; and
- Improve resource allocation decision-making.

DEFINITION

Budget and financial management within the MFO framework for a Statutory Body is a cycle of activities incorporating:

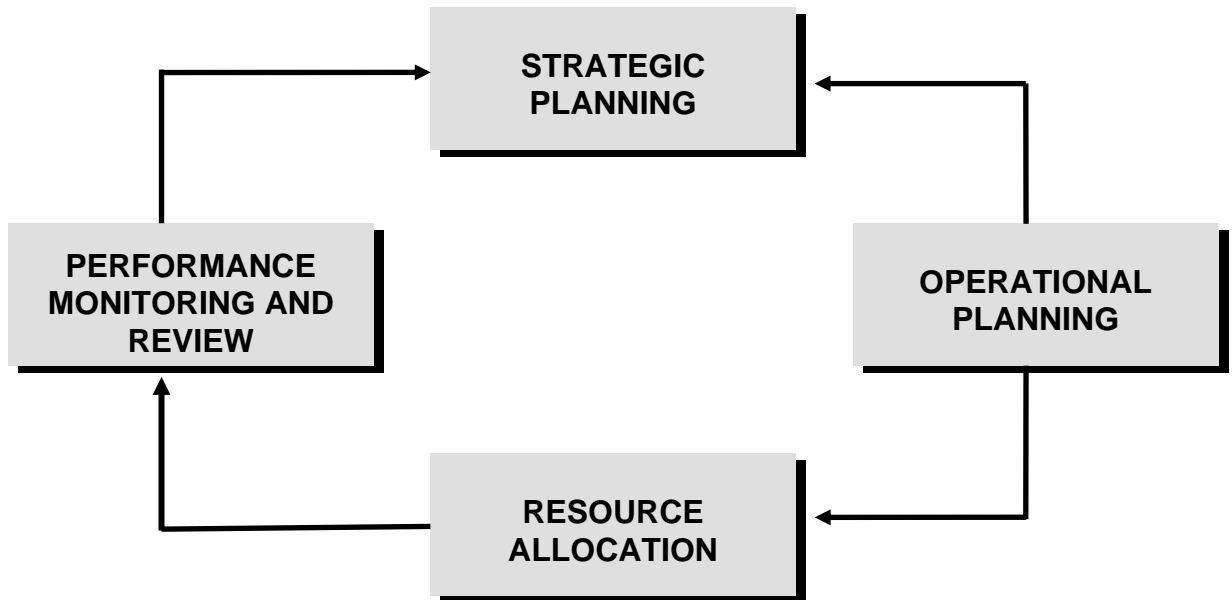
- Strategic planning;
- Allocation of resources (deciding what should be achieved, how, by whom and with which resources);
- Monitoring by using information systems;
- Evaluation of performance against predetermined targets or standards; and
- Dissemination of evaluation information into the planning process.

Planning is undertaken at a number of levels. Plans at lower levels (e.g. Operational Plans) must derive their direction from higher level plans (e.g. Strategic Plans) and provide a link between the goals of the Statutory Body, the budget process and service delivery to clients.

The following pre-requisites are required for effective financial management:

- A corporate planning process that includes financial planning in strategic and operational planning. These plans should cascade down into performance plans for all key operational areas with performance targets (financial and non-financial)
- Monthly executive management reports that include financial and non-financial performance indicators linking directly to the overall performance indicators in the Strategic Plan. Reports must be performance-oriented and identify clearly the non-achievement of targets, who is responsible, proposed remedial action and timing
- Use of accrual information in all budgeting and management reporting
- All outputs defined and costed
- Responsibilities for the delivery of outputs clearly articulated and understood.

DIAGRAM 1: ANNUAL MANAGEMENT CYCLE



AUTHORITY

In accordance with the responsibilities of Statutory Bodies in the *Financial Administration and Audit Act 1977* and *Financial Management Standard 1997*, Statutory Bodies are responsible for the development of:

- (a) Strategic and operational plans; and
- (b) Information system strategic plans; and
- (c) Physical assets strategic plan.

Developed plans under (b) and (c) should be incorporated within (a) the Strategic Plan.

A Strategic Plan must cover a period of at least four years.

Operational plans must be developed at a level as determined by the Board of the Statutory Body, and must cover a period of not more than one year.

The *Financial Management Standard 1997* provides that all Statutory Bodies are also responsible for ensuring the efficient and effective management of their resources, including assignment of that responsibility to nominated officers of the Statutory Body. A cost-effective control framework must exist as part of the management of resources.

The Standard further provides that each Statutory Body must be able to obtain information about the way it performs its operations, whether goals are being achieved, and whether those goals remain appropriate.

Results of the monitoring and review process must be reported to the Minister.

The information in the report should then be used by the Statutory Body during the next strategic planning and operational planning cycle.

Planning

STRATEGIC PLANNING

Linking Agency Strategic Plans with Whole-of Government Outcomes

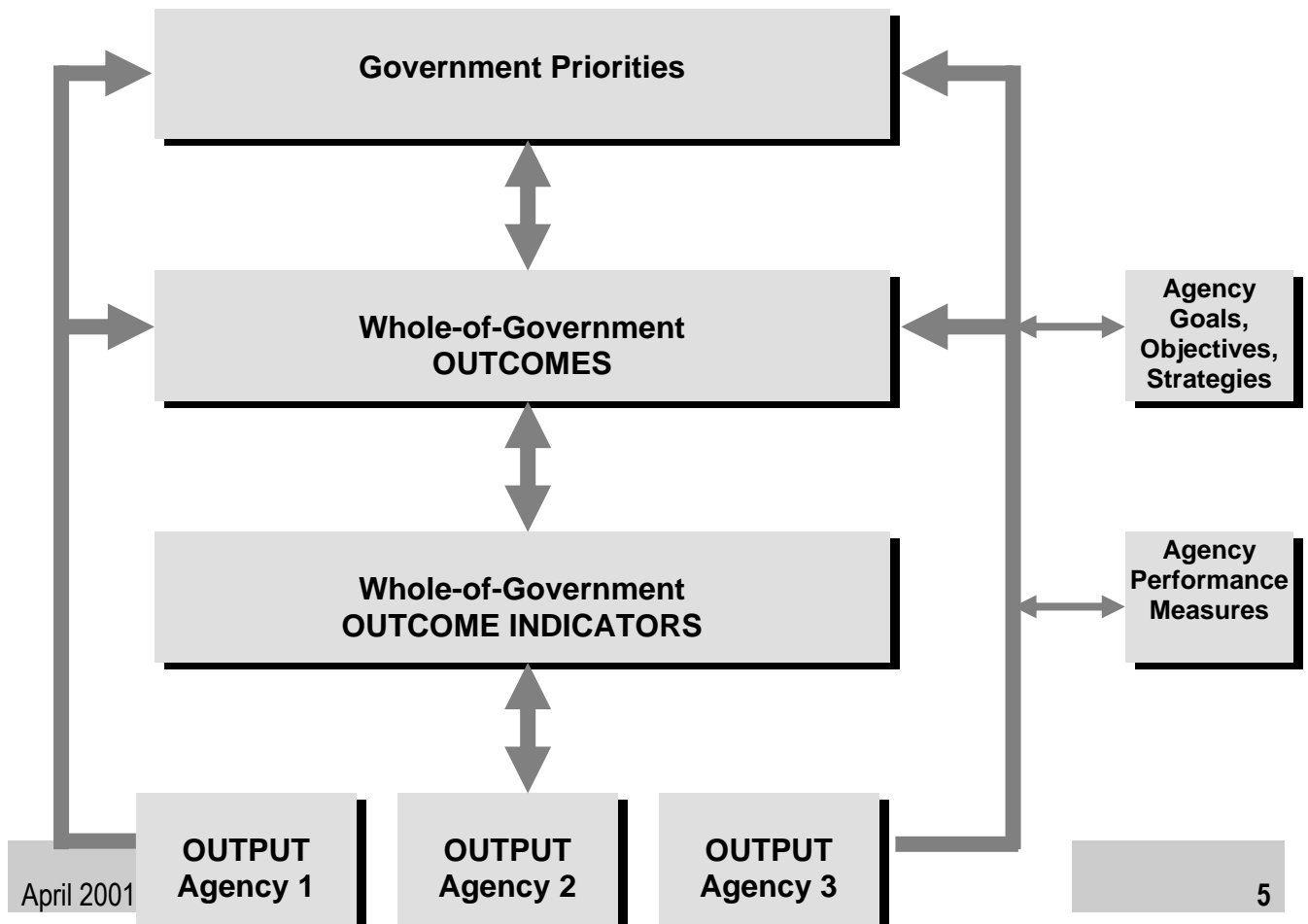
To ensure that agency strategic planning becomes an integral part of whole-of-Government planning and performance monitoring, agency strategic plans should:

- Be developed within the context of whole-of-Government outcomes;
- Identify agency-specific outcomes;
- Be based on outputs; and
- Include output performance measures that are linked to their outputs.

An output is a discrete service or product for external customers provided by an agency.

DIAGRAM 2: Making the Link

The following diagram illustrates how the development of agency strategic plans is linked to the whole-of-Government planning process.



Minimum Requirements for Strategic Planning

Authority. Minimum requirements for strategic planning are set out in the *Financial Management Standard 1997*. As stated in the Standard, a Statutory Body must develop:

- A Strategic Plan for the agency that covers a period of at least four years; and
- Operational plans at levels of the agency that the accountable officer or Statutory Body considers appropriate, or an operational plan for the whole agency.

Consultation. Agencies must consult with the appropriate Minister and other relevant stakeholders before the finalisation and sign-off of the plan. When compiling strategic plans, the Statutory Body must also provide a statement of resource implications and major policy changes resulting from the proposed Strategic Plan.

It is the responsibility of the Board to approve the Strategic and Operational Plan, and to monitor activities.

Reporting. If the appropriate Minister directs a Statutory Body to submit its Strategic Plan to the Premier and Treasurer, the Body must comply with the direction.

Timing. Strategic plans must be prepared and available for distribution before the start of the financial year to which they relate.

Operational/Business Plans. An agency's business plan must provide for the outputs and sub-outputs that the agency intends to deliver during the plan's timeframe (see 'Outputs', in this chapter).

Performance information must be provided at the output level, with a clear link between the performance measures applied at the output level (see 'Performance Measures', in this chapter).

Strategic Plan

Definition. Strategic planning is a cyclical process through which an entity determines an appropriate desired future position in light of environmental factors, and identifies the means by which this can be achieved.

Strategic planning is the process by which an organisation:

- Considers the impacting environmental factors
- Determines its desired future position, taking the environmental factors into account
- Identifies the means by which it can achieve its desired position.

Purpose. The Strategic Plan is a key element in the process of communicating the vision and objectives of the Board and strategies for implementing these over the succeeding three years. It derives these from considering the issues impacting on the Board's operations and through contributions from Government, racing industry, staff members and others.

The Strategic Plan's development should provide a focus for annual budget preparation deliberations, resource allocation and the implementation of strategies.

A good Strategic Plan will:

- Outline the Board's direction and define its core values
- Identify key issues and desired outcomes
- Provide a framework upon which operational plans can be developed by staff
- Guide resource allocation decisions
- Involve staff at all levels.

Components. As a minimum, the Strategic Plan is to:

- State the Board's charter, purpose and role
- Identify and analyse the key issues that are likely to impact on the Board over the next three years
- Outline the Board's objectives in relation to performing its functions and exercising its powers
- State the key performance indicators in respect of these objectives
- State the strategies to be adopted in pursuit of the objectives
- State the financial plan that will resource these strategies.

Asset Strategic Plan

A Statutory Body must develop a Strategic Plan for assets that covers a period of at least four years. The plan must provide for:

- An analysis of issues that may influence the Statutory Body in its requirements
- An analysis of assets already held in relation to the Statutory Body's needs and those of its customers
- Need for new assets
- Strategies for maintaining an appropriate level of service potential; and
- Strategies for disposing of assets not now required.

The Statutory Body must consult with the Minister in the preparation of the Strategic Plan.

Information Systems Strategic Plan

A Statutory Body must develop a Strategic Plan for the agency's information systems having regard to the information standards. The plan must:

- State the time frame to be covered
- Analyse the needs of the agency's clients and effect of relevant environmental factors
- Evaluate information needs and system development required during the time frame
- Decide projects to be undertaken
- Results of evaluations.

RESOURCE MANAGEMENT PLANNING

Each Statutory Body must structure their operations to facilitate the achievement of its goals and also to assess their performance in achieving the goals. As opposed to strategic planning, resource management plans adopt a more detailed focus within a shorter budgetary timeframe (i.e. over a one- or two-year period).

The Statutory Body must assign responsibility of each element of the management of resources to different officers of the agency and ensure cost effective controls are in place.

Resource management systems should focus on outcomes or outputs. Inputs (resources allocated and utilised) can support or limit the achievement of goals, but are not the primary focus for management and evaluation.

The resource management system should:

- Be based on the goals of the Statutory Body, as stated in the strategic plan;
- Aggregate activities into outputs for the purpose of making decisions regarding service delivery and resource allocation;
- Provide for the devolution of management authority and assign appropriate accountability in order to achieve the desired results; and
- Incorporate appropriate management information systems that support decision making and performance management.

Specific elements that must be incorporated into the management of systems for revenue, user charging, expenses, assets, cash management, liabilities, financial information, contingent assets and contingent liabilities are stated in the *Financial Management Standard 1997* and relevant chapters of this manual.

An operational plan must provide for the outputs the Statutory Body intends to supply during the plan's timeframe. It must include reasonable detail for the Board to assess its performance in delivering those outputs and be available for distribution before the start of the timeframe to which it relates.

The Managing for Outcomes (MFO) framework includes a requirement that agencies will specify and cost their outputs and identify meaningful, objective and useful performance indicators and targets. Outputs will, therefore, form the basis of an agency's operating budget and external reporting framework.

Appropriately detailed cost information should be aligned with, and support the operational and strategic decisions management. This will provide managers with the opportunity to assess the effectiveness of processes and activities that deliver outputs.

Outputs

Definition. Outputs are the goods and services agencies produce to contribute to the Government's desired outcomes. Outputs are not processes nor are they goods and services provided internally to the organisation such as corporate service-type activities.

Output costing. Traditionally, cash-based accounting systems in many agencies generate financial information by taking a vertical slice of the organisation and reporting how much was paid for salaries, travel,

IT services, equipment and other items. While this type of information will often be of value, it does not show the full cost of an output or provide managers with information that is relevant to the operational decision-making process.

In fully costing outputs, the cost of all contributing overheads and internal support processes (the indirect costs) must be included to provide a complete picture of what it actually costs to deliver an agency's products.

By reporting output costs, an agency clearly articulates what it has been established to do, which outputs the agency will deliver, and what that costs.

Performance Indicators

Overview. Indicators emerging from the resource management system are to provide a basis for decisions regarding the allocation and reallocation of all resources (human, physical and financial) on a prioritised basis.

Performance indicators should be developed as a basis for collecting information about the performance of programs/activities. Indicators should yield a comprehensive picture of performance and be quantified wherever possible.

What you measure is what you get. It is widely recognised that the measurement systems introduced into organisations do more than measure performance – they also influence the behaviour of those being measured.

Best practice suggests that performance information should provide a balance between financial and operational indicators and should highlight areas for growth and improvement.

Performance measures. Performance measures are the quantifiable units of measurement used to determine and assess the delivery of outputs. They establish how performance will be judged for each output by translating it into a measured value of:

- **Quantity** – specifies the volume of output to be produced. Quantity measures normally relate to cost measures that specify the 'how much' for the 'how many'
- **Quality** – specifies how well the output is to be performed. The dimension of quality that measures can cover include:
 - accuracy
 - availability or continuity
 - risk coverage
 - compliance with legal standards, etc.
- **Cost** – specifies the cost of the output on a total, average and/or unit basis. The total cost is equal to the total value of all the resources used in the production of services or products (outputs)
- **Timeliness** – specifies whether the outputs are to be delivered within agreed timeframes (frequency) or service response times (promptness), e.g. assessment of applications for licences including advice of success or failure to applicant within four weeks of receiving application.

- **(where appropriate) Location** – specifies where the output is to be delivered. A measure is important to ensure that the service is provided for a particular community or area.

Determining and specifying output performance measures. The six principles of good performance measures are:

- They have an external focus in that they are meaningful to the customer or consumer, rather than focussing on internal or technical procedures
- They are relevant, realistic and simple, and give a good and consistent measurement of performance of the output over a period of time
- They have significance in that the set of measures covers all important aspects of performance such that a full and accurate picture is given of success in delivery of an output
- They are manageable in that the number of measures is no greater than is necessary to cover significance (typically five or less)
- They are clear and easily understood by those who are not familiar with the subject
- They are stated positively so that individuals involved in the delivery of outputs can focus on what they should be accomplishing rather than what to not do.

Performance targets. Performance targets are precise standards to be achieved against each performance measure. Targets are expressed in absolute number, percentage or ratio terms and represent the minimum deliverables.

Determining performance targets. Commonly used approaches in setting performance targets are:

- Adoption of current performance
- Current performance plus a percentage improvement increase
- Averaged performance (national/state/industry)
- Best practice (benchmarking)
- Technical targets (external targets established by professional association)
- Management decisions (calculated decisions given resource and staffing limitations).

Output Statement. Information regarding the outputs of a Statutory Body and its performance measures and targets can be included on an output statement. An example of a standard format is below. A different statement may be used for each output and can also incorporate the actual results achieved as part of the performance monitoring and review phase of the management cycle.

OUTPUT STATEMENT	
Statutory Body:	
Output:	
Description:	
Price:	
Measures	Target
Quantity (details of Quantity Measures)	
Quality (details of quality measures and how they will be measured)	
Timeliness (timeliness measures)	
Location (if applicable)	
Cost (cost measures – total, average, unit)	
Total Cost	

Resource Allocation

BUDGET PROCESS

General Information

Objective. An accrual budget is a comprehensive budget incorporating assets, liabilities, expenses and revenues. It is important that the budget is not seen as a financial strait jacket, unreasonably restricting activity and reducing the effectiveness of management.

Functions. Some of the main functions of the budget process are:

- Predict expenditure for a given level of operation
- Ascertain revenue requirements and opportunities
- Fix rates and charges
- Control expenditure
- Provide a basis for review of actual performance.

Steps. The budget process starts by specifying the objectives of the Board. These objectives are then analysed and refined as the objectives of separate programs/activities until the outputs of the Board's operations have been defined. The resources required to provide these outputs are then calculated and the costs of the resources are determined.

This approach is different to the traditional 'input-based budgeting' that specifies the nature and cost of resources expected to be consumed by an agency in delivering its operational plan. Input-based budgets do not contribute to organisational improvement because they do not provide information on the cost of a given output.

Requirements. The budget process should require that the Board's budget:

- Provides information on the goals, main strategies, clients, service delivery mechanisms, and prior and expected performance of each major program/activity, regardless of whether or not additional funds are being allocated.
- Justifies proposed budget enhancements by showing how they would contribute to Board goals and result in worthwhile benefits
- Shows the likely impact of proposed savings on client groups and the achievement of Board goals
- Includes estimates that compliment medium-term strategic planning.

Expenditure control. As only that expenditure which is authorised in the budget is permitted (see 'Permitted Expenses', in this manual), the budget acts as a control or restraint on spending.

Reporting. The Board should report to the Minister at least quarterly and annually on actual performance compared with approved budgets.

Resource Allocation

See also 'Reporting', in this manual.

Budget Strategies

Approaches. The main budget strategy approaches are as follows:

- **Incrementing previous budget/actual results.** Incrementing previous budget or actual results can be used where activities are not changed and management is satisfied that the desirable standard of efficiency has already been obtained.
- **Determining activity output levels and budgeting for only those levels.** If there is no constraint on the total revenue that can be raised, it is appropriate to start the budgeting process by determining the desired service level of each activity and then calculating the inputs needed to produce that level of service.
- **Zero-based budgeting.** Zero-based budgeting is a process whereby a submission is prepared for each proposed activity, showing the cost for each of several measurable service levels. The proposed service levels should include:
 - Zero (i.e. abandon the activity)
 - Minimum feasible level
 - Current level
 - Optimal level
 - Any other level the Board wishes to propose.

Flexibility between expense items. Within the expense projection for a particular program/ activity, there should be flexibility between expense items so that an adverse variance in one item can be offset by a positive variance in another.

Budget Formulation

Requirements. Budgets for the Statutory Body should be formulated to achieve the objectives of the Board's strategic and operational plans, and fulfil the statutory requirements of the *Racing and Betting Act 1980* and *Financial Management and Audit Act 1977*.

Format. In respect of annual budget estimates, final submissions for the ensuing financial year are to be prepared in the format prescribed by the Statutory Body and, when applicable, Queensland Government.

Input. Officers who are primarily responsible for achieving budget results are to provide appropriate input during the budget formulation and estimation stages. Comprehensive working papers that support the basis for estimates are to be maintained by the preparing officer or other delegated officer.

Performance Monitoring and Review

Performance Monitoring and Review

OVERVIEW

Performance results are the achieved measures of quantity, quality, timeliness, cost and, where appropriate, location in providing outputs.

It is crucial that the performance data collected is accurate and can be relied upon as a valid assessment of a Statutory Body's performance.

FINANCIAL PERFORMANCE

Performance areas. The *Financial Management Standard 1997* provides that a Statutory Body must obtain information about the way it is performing its operations. The areas include:

- Whether the yield of revenue is maximised against the available revenue base
- Whether the Statutory Body is operating within budget
- Whether the benefits arising from the Statutory Body's investments are being maximised
- Whether the benefits available from the Statutory Body's assets are being maximised
- Whether costs and risks are being minimised in relation to liabilities
- Whether events and transactions that have had a material impact on operations have been identified.

Information must be provided and received by the Statutory Body at least once every three months.

OPERATIONAL PERFORMANCE

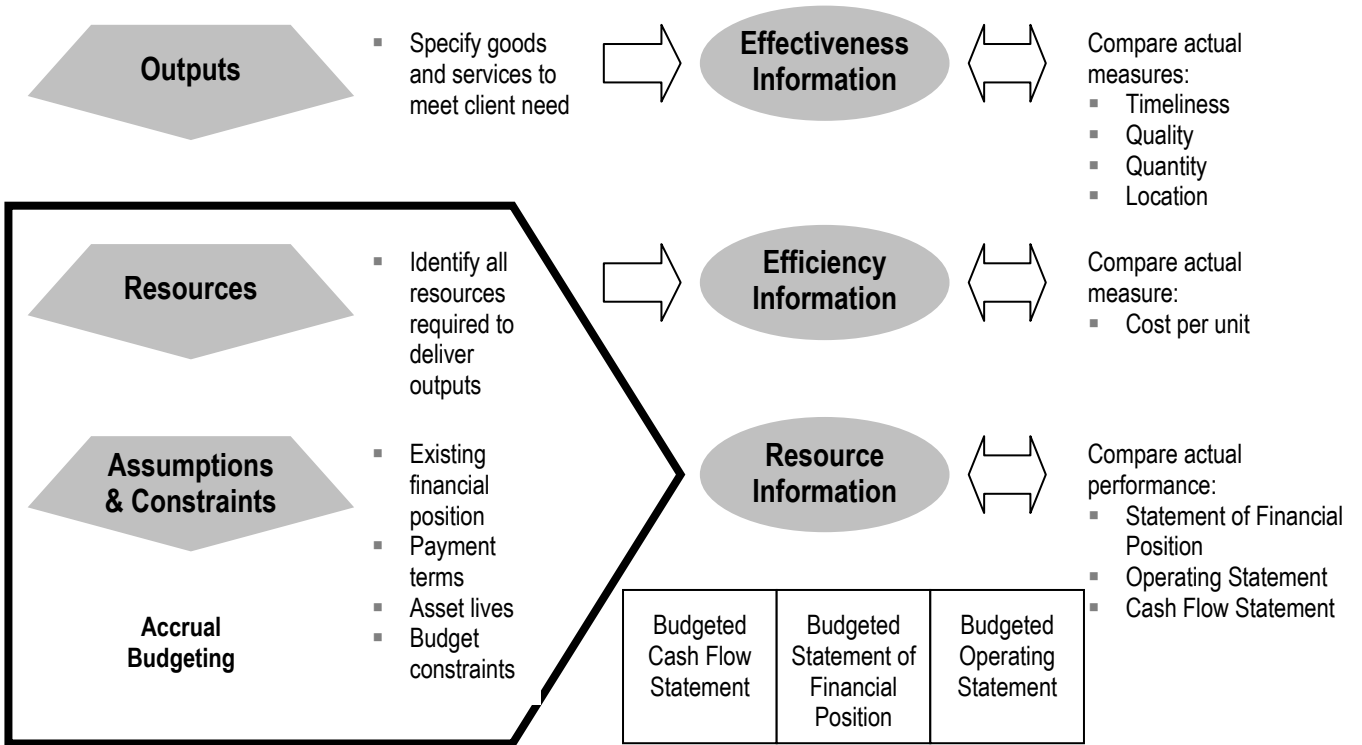
Performance areas. The *Financial Management Standard 1997* also provides that a Statutory Body must obtain information about operational performance including:

- Whether the goals of the organisation are being achieved
- Resources have been allocated to produce best value for money
- Whether the Statutory Body's outputs are being delivered and meeting output measures as stated in the operational plan.

Information must be provided and received by the Statutory Body at least once every three months.

Performance Monitoring and Review

DIAGRAM 3 – INTERRELATIONSHIP BETWEEN ACCRUAL OUTPUT BUDGETING AND PERFORMANCE MONITORING



Reporting

OVERVIEW

For reports to be useful management tools, they must contain information pertinent to the recipient. Generally, the reporting structure is part of the management control system and assists in the achievement of an agency's objectives in the most efficient and effective manner. A reporting structure links internal and external reports.

The format of *external reporting* is mainly determined by legislation, accounting standards, and so forth that specify how public and private sector organisations must report to their external stakeholders.

Internal reporting of financial and operational results is a key component of an effective financial management system. Best Practice Internal Management Reporting is about providing managers with financial and non-financial information that is accurate, timely, relevant and reliable. Without that information, good management and governance becomes difficult, if not impossible.

EXTERNAL REPORTING

Quarterly Performance Reports. The *Financial Management Standard 1997* provides that, as part of the Performance Management system, Statutory Bodies must obtain information about their operations and decide whether they are:

- Achieving its goals and delivering the outputs identified in the Strategic and Operational Plans; and
- Meeting the output performance measures as identified in the plans.

Information must be prepared and reviewed by the Statutory Body at least once every three months.

The results of the quarterly review must be reported to the Minister including whether the goals, outputs and measures remain appropriate.

Annual Report. The *Financial Administration and Audit Act 1977* and *Financial Management Standard 1997* provide the governing provisions for Statutory Bodies to prepare an annual report and present it to the Minister for tabling in the House.

The summary of information that must be included (in accordance with the *Financial Management Standard 1997*) is:

- Constitution, goals, and function of the Statutory Body
- Location of the Statutory Body's principal place of business
- Structure of the Statutory Body
- A review of progress in achieving the Body's statutory obligations and goals, and delivering its outputs
- Information regarding the Statutory Body's operations
- A review of the proposed forward operations of the Statutory Body
- Details of public availability of the annual report.

A copy of the Statutory Body's audited annual financial statements must also be included in the Annual Report.

Annual Financial Statements. In accordance with the *Financial Administration and Audit Act 1977* and *Financial Management Standard 1997*, Statutory Bodies must prepare annual financial statements in a form as prescribed by the legislation and prescribed accounting standards.

Statutory Bodies will need to decide the applicability of particular accounting standards by considering the application provision of each standard.

Financial statements will include:

- Profit and Loss Statement
- Balance Sheet
- Statement of Cash Flows
- Notes to and forming part of the Accounts.

The financial statements must be prepared in accordance with the legislation already mentioned and also the Queensland Treasury Guidelines, Australian Accounting Standards and Statements of Accounting Concepts.

The statements have a significant impact upon the day-to-day management of the Statutory Body due to the fact that they are the external representation of the agency's plans and achievements.

Internal management reporting must align with these documents if management is to ensure that planned levels of performance are achieved.

INTERNAL REPORTING

General Principles. Internal reporting is largely built up to meet individual needs. Best practice internal reporting follows the KISS principle ('Keep It Simple and Short') and focuses on highlighting Key Performance Indicators. Efficient tools of reporting include using graphs, ratio analysis to allow analysis of trends, data and track performance targets.

It is best practice to have the internal management reporting system serving the integrated strategic planning, operational business planning, budgeting and management system.

Best practice internal reporting. Internal management reporting involves a series of balancing acts: giving enough detail to be meaningful without swamping the reader with a tidal wave of data; presenting Key Performance Indicators that are judged to be true keys for the organisation; presenting data graphically and concisely without overlooking the essential facts that need to be presented to management; taking the time and care to present accurate information without delaying its presentation so long that it becomes meaningless.

An example of some best practice reporting includes a package of:

- A clear graph as a first page, giving an immediate snapshot of overall performance for the period

- A brief, written commentary on overall performance of the organisation
- Output Statement showing performance against targets
- A set of accrual-based financial statements:
 - Profit and Loss Statement
 - Balance Sheet
 - Cash Flow Statement
- Unusual or material variances between actual and budgeted performance, and notes to explain the reasons for such variances in sufficient detail to allow the reader to understand the position
- A summary of any other areas that would be of interest to management.

With the exception of the Output Statement, all reports should be prepared and submitted for review on a monthly basis.

The Output Statements showing results of actual performance against established targets should be prepared at least on a quarterly basis. Significant variations to budget estimates should be adequately explained.

EXPENSES

Contents

GENERAL POLICY	1
Policy	1
Overview	1
PERMITTED EXPENSES	3
Overview	3
Grant Expenditure	3
Personal/Private Expenses	3
PURCHASING	4
Overview	4
General Principles	4
Procurement Process	5
Purchase Orders	7
Special Conditions	8
Consultancies	8
Contract and Professional Services	9
Grants/Loans/Advances to Racing Clubs	10
Preferred Suppliers	10
Purchase of Computer Software	11
CREDIT FACILITIES	12
Overview	12
Corporate Credit Cards	12
Fuel Cards	13
Taxi Vouchers	14
Toll Cards	14
EXPENDITURE AUTHORISATION	15
Overview	15
Financial Delegations	15
Approving Expenditure	16
TRADE CREDITORS	18
Overview	18
Payment of Accounts	18
Special Conditions	18

Contents

MISCELLANEOUS PAYMENTS	20
Overview	20
Petty Cash	20
Entertainment Expenses	21
EMPLOYEE EXPENSES	23
Overview	23
General Policy	23
Entitlement	24
Travelling Expenses	24
Domestic Travel Expenses	24
Overseas Travelling Expenses	26
Travel Bookings	28
Class of Travel	28
Extension of Travel for Personal Purposes	28
Associates Travelling Expenses	28
Airline Incentive Schemes	29
Motor Vehicle Allowances	29
Private Telephone Reimbursements	30
FUNDING PROVIDED	31
Overview	31
Payment	31
HUMAN RESOURCE COSTS	32
Payroll	32
Staff-Related Expenditure	32
SPECIAL PAYMENTS	34
PAYMENTS	35
Payment Methods	35
Cheques	35
Overview	35
System Cheques	36
Manual Cheques	36
Opening and Encashment of Cheques	36
Cancellation of Cheques	37
Replacement Cheques	37
Credit Cards	37

Contents

Electronic Funds Transfer	38
DEPRECIATION AND AMORTISATION	39
Overview	39
Depreciation	39
Amortisation	39
INTEREST ON BORROWINGS	40
Overview	40
Interest	40
SECURITY AND CONTROL	41
Overview	41
General Policies	41
Accounting Records	41
Cheques	42
System Security	42

General Policy

POLICY

Expenses of the Board are to be promptly identified, calculated and recorded in a way that allows reporting objectives and accountability requirements to be met.

The approval and control systems for expenses are to ensure that expenses are incurred only for authorised, official and permitted purposes, i.e. expenses that are incurred in the course of official business for the benefit of the Statutory Body; promote the goals and strategies identified in the Statutory Body's strategic plan; are necessary to ensure effective operations; and are broadly reflected in the annual operating budget.

All expenses are to be publicly defensible.

The Board's taxation expenses are to be properly calculated and discharged.

OVERVIEW

In strict accounting terms, expenses are defined as consumption or losses of future economic benefits in the form of reduction in assets or increases in liabilities of the Statutory Body (other than those relating to distributions to owners) that result in a decrease in equity during the reporting period.

Stated more simply, expenses are outflows, consumption and liabilities incurred as a result of purchasing goods and services, providing goods and services or carrying out other activities that constitute the major operations of the Statutory Body.

Broad categories of expenses that are incurred by Statutory Bodies are:

- **Trade creditors.** Includes all creditors from whom goods and services are purchased, hired or leased.
- **Miscellaneous payments.** Includes all sundry payments such as petty cash, personal reimbursements and so on.
- **Funding provided to other individuals or organisations.** Includes all payments made by a Statutory Body to an organisation or individual for a specified purpose, where the recipient's expenditure of the funds is constrained by conditions imposed by the Board.
- **Employee expenses.** Includes all employee expense entitlements prescribed in the Agreements/Awards and conditions of employment for staff (e.g. travel expenses) and other human resource costs such as training.
- **Taxation.** Includes all taxes payable by the Statutory Body.

General Policy

- **Salaries, wages and associated expenses.** Includes all salaries, wages, leave loading, terminations, cash equivalents and other payroll expenses payable to employees of the Statutory Body. See 'Employee Entitlements', in this manual.
- **Liabilities incurred.** Includes all accrued expenses such as accrued salaries, wages and rent (see 'Accrued Expenses', in this manual) and outstanding payments to creditors (see 'Liabilities: General Policy').
- **Consumption of assets.** Includes depreciation (see 'Non-Current Physical Assets', in this manual), amortisation ('depreciation' of intangible assets) and doubtful debts (see 'Debtors').
- **Financial costs.** Includes discounts allowed and bank charges.

Expenses are to be recognised in the books and accounts in the financial year when they are incurred or when the consumption or loss of service potential or future economic benefits can otherwise be measured reliably, i.e:

- Where service potential or future economic benefits are consumed simultaneously with acquisition, expenses will be recognised in the reporting period in which acquisition occurs (e.g. salaries, wages, electricity costs and telecommunication expenses).
- When expenses result from the same transactions from which revenue is earned (e.g. cost of goods sold), expenses are to be recognised on the basis of that association.
- Where service potential or future economic benefits are expected to be consumed over a number of reporting periods, expenses are to be systematically allocated to those periods (e.g. depreciation).

Permitted Expenses

Permitted Expenses

OVERVIEW

Permitted expenses are those types of expenses that are allowed to be incurred in accordance with the relevant legislation, Statutory Body policy and any other legislative guidelines, legal agreements or ethical constraints.

Generally, expenses incurred in the course of official business that are for the benefit of the Statutory Body, promote the goals and strategies identified in the strategic plan and are necessary to ensure effective operations are considered to be permitted expenses.

All officers with delegated financial authority to approve expenses on behalf of the Statutory Body are to ensure that only permitted expenses are approved for payment.

GRANT EXPENDITURE

Grant agreement. Where grant funds are being expended, and having regard to the Statutory Body's own permitted expenses policy, the expenses must reflect the purpose for which the grant was made to the Statutory Body and be in accordance with any constraints prescribed in the grant agreement between the grantor and the Statutory Body. See also 'Grants', in this manual.

PERSONAL/PRIVATE EXPENSES

Examples. Examples of expenses that are generally considered non-official and therefore may not be permitted as Statutory Body expenditure include:

- Non-official entertainment and travel costs (e.g. mini-bar, video hire costs)
- Tips or gratuities (unless the officer is travelling in an official capacity in a country where this is the custom)
- Personal grooming expenses
- Fines for parking and traffic offences occurring while attending to official business
- Costs for private use of official telephones
- Cost of gifts of an essentially private nature (e.g. payments to staff as rewards or presents).

Nature of expenses unclear. In circumstances where the nature of expenses incurred is unclear, the General Manager is to be approached for determination.

Purchasing

OVERVIEW

This purchasing policy is developed to ensure adherence to the State Government Purchasing Policy (Qld) with regard to expenditure on goods and services, including quality assurance aspects.

Generally, purchasing goods and services on behalf of a Statutory Body will occur through one of the following methods:

- Credit facility purchase (see 'Credit Facilities', in this manual)
- Petty cash purchase (see 'Miscellaneous Payments')
- Ongoing account facilities with a particular supplier, e.g. purchase of stationery or other consumables (see 'Acquisition of Services' and 'Recurring Payments')
- Purchase order.

All purchasing transactions are to be approved by an officer with appropriate procurement delegations. This officer is responsible for ensuring that the purchasing policies of the Statutory Body have been adhered to.

It is important to distinguish between procurement and financial delegations. Accredited purchasing officers are responsible for the application of appropriate procurement processes in determining the supplier of goods and services. Financial delegates are responsible for approving the commitment of funds and the contract between the supplier and the Statutory Body that is signified by a purchase order. To reduce the possibility of fraud, and to detect errors, the functions of the 'procurement officer' and 'financial delegate' are to be performed by separate officers.

GENERAL PRINCIPLES

Procurement Plan. All procurement policies, procedures and delegations must be incorporated in a Procurement Plan of the Statutory Body. This allows staff to be aware of the general underlying principles and specific policies established by the Board based on those principles.

The plan should include, but not be limited to, the following:

- Procurement objectives of the Statutory Body
- Procurement transaction threshold limits
- Risk management and assessment framework
- Standing offer agreements
- Approved credit facilities and associated policies
- Procurement delegations.

Purchasing

Open and effective competition. The principle of open and effective competition has the following aims:

- To instil confidence in the Statutory Body's Board regarding the probity and cost-effectiveness of procurement
- To maximise the prospect of obtaining the most cost-effective outcome when procuring goods and services
- To ensure that suppliers wishing to do business with the Statutory Body are given the opportunity to do so.

To ensure that open and effective competition is achieved, the Statutory Body must ensure that its procurement processes are visible to all interested and affected parties, suppliers have a real opportunity to do business with the Statutory Body, and arrangements for inviting suppliers encourage competitive bidding and ensure value for money offers.

Value for money. The principle of value for money aims to ensure that purchased goods or services represent the best return and performance for the money spent from 'total costs of ownership' or 'whole-of-life costs' perspective. The result of using this evaluation methodology to assess value for money is that the lowest price may not necessarily be favoured.

Ethical behaviour and fair dealing. The principle of ethical behaviour and fair dealing aims to ensure that, in their dealings with suppliers and their representatives, officers with procurement responsibilities:

- Behave with impartiality, fairness, independence, openness, integrity and professionalism
- Advance the interests of the Statutory Body in all procurement transactions
- Attain a high level of credibility.

Ethical behaviour and fair dealing is achieved by officers performing their procurement duties impartially, uninfluenced by threats, reprimands or rewards, by:

- Not seeking or accepting gifts or other favours
- Not entertaining approaches from suppliers that might be interpreted as attempts to influence the evaluation process
- Ensuring that their private interests do not conflict with their official duties
- Maintaining confidentiality in all dealings.

See also 'Conflicts of Interest', in this manual.

Environmental protection. The principle of environmental protection aims to promote purchasing practices that conserve resources, save energy, minimise waste, protect human health and maintain environmental quality and safety. This can be achieved by maximising the purchase of environmentally-sensitive goods and services.

PROCUREMENT PROCESS

Quotes and tenders. A quote is requested from suppliers when the Statutory Body is able to specify the actual product or service that is required. Quotes are usually obtained by directly contacting suppliers (not by public advertisement). A tender is requested when the Statutory Body is able to provide specifications for the

Purchasing

product/service required, but does not specify model/ brand names and other product-specific details. Tenders are usually invited by public advertisement or written invitations to potential suppliers.

Action to determine a supplier. The specific action to be taken in order to determine a supplier will depend on the nature and value of the purchase and ensuring that value for money is obtained.

The State Purchasing Policy (Qld) refers to maximum threshold limits of procurement transactions in regard to the tendering process to be used. The Board of a Statutory Body may approve the establishment of limits within the maximum thresholds where it is considered appropriate.

The following general processes will apply.

- **Procurement transactions not exceeding \$10,000.** With consideration for the Statutory Body's general purchasing principles (see previous), three verbal or written quotes are required for expected purchases from genuine competitors capable of supplying the required goods or services.
- **Procurement transactions exceeding \$10,000 but not exceeding \$100,000.** Three written, competitive quotes from suitable suppliers or service providers are to be obtained. All quotes in excess of \$10,000 must have the prior approval of the Board.
- **Procurement transactions exceeding \$100,000.** The Board must call public tenders or invite tenders from at least three suitable suppliers or service providers.

Value for money. Notwithstanding the financial limits set out above, it may be possible to enhance value for money to the Statutory Body by coordinating purchasing arrangements and seeking quotes for a 'package deal' or by implementing preferred supplier arrangements.

For example, discounts may be available if a preferred supplier arrangement is established for the supply of stationery over a 12-month period rather than by individual purchases.

Evaluation. Quotes/tenders are to be evaluated on the basis of the Statutory Body's general purchasing principles.

The lowest quote/tender is to be accepted by the Board unless sufficient justification for accepting a higher quote can be made (e.g. value for money considerations). Such justification is to be documented and authorised.

Waiving the procurement process. If circumstances warrant the waiving of the procurement process, written justification is to be prepared by the purchasing officer and approved by the financial delegate. Where necessary, the approval of the Board should also be obtained.

In the case of grants, written approval to waive the procurement process must be sought from the General Manager.

Approval. All procurement transactions require the approval of a suitably qualified Purchasing Officer and financial delegate.

Purchasing

Documentation. Supporting documentation must be retained for audit purposes. Written quotes or tenders, evaluation notes, copies of the Board approvals and the like must be attached to the purchase order or cross-referenced to a Board file or Board Minute.

PURCHASE ORDERS

Issue. An appropriately authorised purchase order must be raised for the purchase of goods or supply of services.

A purchase order initiates the liability for the cost of a purchase. It represents a contract between:

- The supplier to provide the goods or services; and
- The Statutory Body to pay for those goods or services when received.

Liability for the expense is not incurred until a purchase order for the procurement of goods or services is approved and issued, and the supplier has fulfilled the obligations of the order. A purchase order signifies the commitment of official funds for the approved expense.

The purchase order must be signed by an officer who has the authority to commit the Statutory Body to the total amount of expenditure on the order. If the expenditure is above the authority level of the officer, they must arrange for signature by an appropriately authorised officer before dispatching the order to the supplier.

Staff responsible for raising purchase orders must initiate an order before the supply of goods or services, and quote the purchase order number to the supplier. Quoting the order number will ensure that the number appears on the supplier's invoice.

Purchase orders must represent the total value of the goods or services being purchased and not be 'split' to allow approval to be received from lower financial delegation levels.

Completion. A purchase order must be completed in every required detail. Authorising officers must also ensure that the correct expense allocation is recorded on the purchase order.

Exceptions. Purchase orders are not required for:

- Individual 'recurring' payments where a Standing Purchase Order exists
- Travel/expense claims
- Petty cash reimbursements
- Salary, wages and related costs.

Outstanding purchase orders. Purchase will be deemed outstanding where:

- The ordered items have not been supplied within a reasonable period of time
- Claim for payment has not been forthcoming from the supplier within a reasonable period of time from the date the goods/services were received.

Purchasing

Where goods or services have not been received in a timely manner, the supplier is to be contacted to determine the estimated supply date. If this date is unacceptable, or the goods/services are not received by the required date, the order may be cancelled and a new supplier sought. In such cases, consideration is to be given to contract terms and conditions, the availability and cost of the goods/services from an alternative supplier, and the estimated delivery date.

Cancelling a purchase order. Before cancelling a purchase order, the current status of the order and action taken to date must be considered to determine any liability incurred to date.

All copies of the purchase order that is to be cancelled are to be crossed with the word 'CANCELLED' (clearly marked on the face of the order) and the reason for cancellation noted. The certification of the officer cancelling the order and the date of the cancellation are also required.

To ensure integrity is maintained, the cancellation of a purchase order is to be verified by a responsible officer other than the officer who cancelled the order.

All copies of the cancelled purchase order are to be filed with the purchase orders.

Goods received. Where the procurement officer and financial delegate functions have been completed by the same officer (due to extenuating circumstances), approval must be sought from the General Manager, and the goods receipt function must be completed by another officer.

Variation to a purchase order. To ensure probity and transparency of the purchasing function, invoice price variances exceeding 10% of the original price shown on the purchase order require the approval of a financial delegate (preferably the delegate who approved the order in the first instance or, if unavailable, an officer with a higher delegation). The authorisation for the variation must be noted on the original purchase order.

Variations of less than 10% do not require re-submission to the financial delegate.

Document security. Purchase order books are accountable forms and are subject to the security procedures prescribed for such forms in 'Systems, Security Control', in this manual.

SPECIAL CONDITIONS

Consultancies

Consultants should be engaged in accordance with the relevant instructions contained in the State Purchasing Policy (Qld).

Definition. A consultant is an organisation or individual contracted to perform specific tasks and/or provide independent expert advice by exercising professional skills and judgement. In addition:

- the Board does not exercise detailed control over the work performed
- the arrangements are generally for a fixed term with specified outcomes for an agreed rate
- the consultant is free to accept other engagements where the requirements of the consultancy agreement require a part-time commitment.

Purchasing

Work provided by contractors or professional service providers is different from the work performed by consultants in that the Board exercises detailed control and supervision over the work performed. Further, casual or temporary staff are excluded from the definition of consultants.

Approval. Approval to engage a consultant is in accordance with the appropriate delegation.

Selection. Where possible, the Board should develop a list of preferred suppliers for the provision of a variety of consultancy services.

Before selecting a consultant, alternatives need to be considered, e.g. whether skills already exist within the Board that could be applied to the project.

In the interest of public accountability, it is important that there be open and effective competition for all consultancies engaged by the Board.

Both successful and unsuccessful applicants for consultancies are to be notified in writing of the accepted consultancy. A formal agreement is to be signed and executed before the project commences.

Project management. The officer nominated as the project officer for the contract has the overall responsibility for managing and reviewing the performance of the consultant. This includes:

- Monitoring the performance of the consultant to ensure that the requirements of the brief are met against prescribed milestones and performance indicators
- Supervising the project
- Maintaining appropriate records and preparing the progress and final evaluation reports
- Liaising with the consultant
- Dealing with the situation when the consultant's performance has been unsatisfactory.

Register. Details concerning consultants engaged by the Board are to be recorded in a central register maintained by the Finance area.

Reporting. Expenditure on each category of consultants in accordance with the State Purchasing Policy must be included in the Annual Report.

Contract and Professional Services

Definition. Contract and professional services are usually of a specialised nature where the Board exercises detailed control over the work performed in terms of work practices, specified outcomes, period of employment and supervision.

Examples of contract and professional services include:

- Professional staff (computer programmers, engineers and so on)
- Capital works project staff
- Contracted staff for the completion of a special project

Purchasing

- Casual or temporary staff from employment agencies.

Engagement. Contract or profession services staff may be engaged when there is a need to supplement existing staffing due to work load or special project requirements, or a need for specialist skills and knowledge.

Arrangements for the provision of contract or professional services should be documented in an agreement between the service provider and the Board of the Statutory Body.

Payments. All payments for contract and professional services must be supported by a properly authorised supplier's invoice and an acknowledgment by the authorised officer that the services have been received and charges are in accordance with the agreement. Before payment is made, reference must be made to the contractor's time sheet to ensure that the Board is correctly invoiced.

Grants/Loans/Advances to Racing Clubs

In addition to the procurement process specified previously in this section, and where funds are to be provided to approved entities, terms of reference must be prepared and approved by the Board before the commencement of the arrangements. See also 'Grants', in this manual.

Terms of reference are to include:

- Enough information for the entity/service provider to understand the objectives of the funding
- Details of the entity's responsibilities
- A request for a schedule of information to be provided in the quote/tender that includes:
 - objectives to be met through funding
 - a proposed timetable for completing the project targeted
 - key events or activities
 - the resources that the entity may devote to the task
- Proposed conditions of engagement.

Preferred Suppliers

Establishing preferred suppliers. Where there is likely to be an ongoing or recurrent need for certain products or services, a register of preferred suppliers may be established.

Invitations to nominate as a preferred supplier are generally offered through advertising in the appropriate media (e.g. the press). On the basis of a detailed brief established by the Statutory Body, suppliers are to provide submissions with quotes and details of the services provided in relation to the required goods or services.

The invitation for suppliers to contribute to this register meets the requirements of the Statutory Body's general purchasing principles (see 'General Principles', previously in this section).

Purchase of Computer Software

All purchase orders for the purchase of computer software must be authorised by the General Manager and Accountant to ensure its compatibility with both computer hardware and other software applications in use.

Credit Facilities

OVERVIEW

A credit facility is any system of credit established to allow purchase of goods or services without the use of an official purchase order or the exchange of cash between the purchaser and supplier at the time of the transaction.

The credit facilities generally used by Statutory Bodies are:

- Corporate credit cards
- Fuel cards
- Taxi vouchers
- Toll cards.

The establishment of any credit facility requires the recommendation of the General Manager and approval from the Board. The General Manager is responsible for the establishment, implementation, management and control of credit facilities used by the Statutory Body.

All credit facilities must be subject to the agreed terms and conditions between the credit provider and the Board.

Users of credit facilities must comply with the agreed terms and conditions, and properly discharge responsibilities regarding the use and reconciliation of credit accounts. Users are responsible for utilising the facilities in a proper and appropriate manner, and are accountable for all transactions associated with their use. See also 'Permitted Expenses' and 'Purchasing', in this manual.

Users are also responsible for the security of the card/vouchers. The Personal Identification Number (PIN) issued with the facility is not to be opened, and is to be held by the General Manager in the office safe.

Misuse of credit facilities will, at the discretion of the Board, result in the user's access to the facility being revoked and appropriate disciplinary action being taken.

CORPORATE CREDIT CARDS

Principles. The policies and procedures pertaining to corporate credit cards at a Statutory Body must incorporate the principles of:

- Treasurer's Guidelines for the Use of Queensland Corporate Card; and
- General Guidelines for Personal Expenses and the Use of Credit Cards by Public Service Employees.

Issue. Corporate credit cards will be issued to relevant officers on the basis of the card providing a necessary and convenient facility for meeting commitments incurred in the course of official business.

Credit Facilities

The issue of corporate credit cards is to be recorded in a register that is maintained by an appropriate officer, e.g. Accountant.

Use. Corporate credit cards must be used only for official purposes, and may be utilised for the payment of:

- Official hospitality and entertainment expenses
- Official travel-related costs including accommodation and associated expenses, meals, official telephone expenses, and the like.

Corporate cards are not to be used in the following circumstances:

- Any personal or unofficial purchases including gifts, flowers, mini-bar charges, tips and gratuities
- Payments to contractors
- Cash withdrawals
- Transactions using the Internet
- Purchasing of assets or items of lasting value.

Corporate card use should be restricted to a specific transaction limit in any one month.

Documentation. Cardholders are to obtain documentary evidence of all transactions for which the credit card is used. Supporting documentation for each transaction must be attached to the expenditure voucher, and include the vendor's invoice/account, copy of prior approval to travel/entertain (where applicable), and purchase order.

Where supporting invoices or docketts are not available, a signed certificate stating that the transactions are valid and were for official purposes must be attached.

Details of all hospitality/entertainment expenses must be fully documented with the purpose of the expense, guest name(s), date, refreshments, time and the like.

Reconciliation. Cardholders are to reconcile the supporting documentation with the transactions appearing on the monthly statement from the credit provider. Officers may not approve the reconciliation of their corporate credit card.

FUEL CARDS

Issue. The issue of fuel cards is to be recorded in a register maintained by the Finance area.

A fuel card may be held for hire car use provided written approval is received in advance from the General Manager. When the card is not in use, it should be held in safe custody (in office safe) in the Finance area.

Responsibilities. Users of the fuel card credit facility are responsible for utilising the facility in a proper and appropriate manner. Users are also responsible for the security of the card while it is in their possession, and are accountable for all transactions associated with its use during that period.

Credit Facilities

Use. Fuel cards are to be used only in accordance with the agreement between the credit provider and the Board. This includes locations where the card may be used, vehicle for which the card may be used and the types of purchases that are permitted (e.g. fuel only, fuel and oil).

Documentation. Fuel card transactions are to be supported by documentary evidence of the purchase (e.g. the fuel card docket provided by the fuel supplier). This documentation is to be forwarded to the Finance Area and will be used when reconciling the credit provider's account and making payment.

TAXI VOUCHERS

Issue. Bulk stocks and the issue of taxi voucher booklets are to be recorded in a register maintained by the Finance area.

The Accountant is responsible for approving the issue of taxi vouchers within their area of responsibility and maintaining a register of such issues. This officer should ensure that taxi vouchers are issued for appropriate use, and blank vouchers are not issued.

Use. The use of taxi vouchers is strictly limited to taxi travel for the purpose of conducting official business within or outside business hours when neither an official vehicle is available, nor is public transport an acceptable option.

Details of the travel for which a taxi voucher is used are to be recorded in the booklet from which the voucher is extracted, and on the voucher.

TOLL CARDS

Issue. The General Manager is responsible for approving the issue of toll cards within their area of responsibility.

Officers may purchase pre-paid toll cards only by cheque.

Use. The use of toll cards is strictly limited to business travel. Toll cards cannot be used for home-work or work-home travel, or any other private travel.

Expenditure Authorisation

Expenditure Authorisation

OVERVIEW

As part of a financial delegation, a delegate may have authority to approve the incurrence of expenditure for the supply of goods or provision of services to the Statutory Body.

Expenditure delegations are granted by the Board (as the accountable body of the Statutory Body) by instrument in writing, to ensure the efficiency and effectiveness of its day-to-day operations. The delegations must be documented in a suitable form and include a history date index of changes and corresponding Statutory Body approval.

Delegations are granted to a position for specific purposes and are exercised to a specified dollar limit.

FINANCIAL DELEGATIONS

Conditions. The following conditions apply to financial delegations:

- The delegation is made to a position and not a person. The delegation may be exercised by the person who occupies the position shown in the Instrument of Delegation at any point in time, whether in a relief or full-time capacity.
- Approval for expenditure will be given by a delegated officer only where sufficient funds are available to meet the expenditure.
- Only funds directly under the control of the delegated officer are to be used by that person, unless prior approval has been obtained, in writing, from the officer who controls those funds.
- Delegated officers are not permitted to approve their own expenditure. This is expenditure that personally benefits the officer such as travel, entertainment, training/seminars and related expenses, or reimbursement of expenditure incurred and paid from the personal funds of the officer. In addition, an officer may not approve the reconciliation of their corporate credit card.
- Expenditure is not to be approved on behalf of another delegated officer unless that officer is officially acting in the delegated officer's position or approval has been obtained from the Board.
- Delegated officers are not to approve any expenditure where there is a possibility of an actual or perceived conflict of interest.
- Approvals by delegated officers are to be given in writing and show the official position title and date. These approvals are generally signed on requisitions, purchase orders or invoices (or vouchers where an invoice is not available), and are to be given once only.

All officers occupying positions that have financial delegation must be supplied with a copy of the conditions of the delegation.

Amending the delegations. Requests for additions, deletions or changes to financial delegations are to be addressed to the General Manager, through the Accountant. The General Manager will examine the request and, where considered appropriate, make a recommendation to the Board for amendment to the delegations.

Expenditure Authorisation

APPROVING EXPENDITURE

Requirement. All expenditure of the Statutory Body is to be properly authorised by an officer with an appropriate financial delegation prior to the expenditure being incurred.

Request. Expenditure commitments must be made in writing and are limited to one of the following:

- Official purchase order supported, where required, by:
 - Consultancy agreement
 - Official contract
 - Supplier agreement
 - Formal letter of agreement.
- Expenditure voucher (in an approved form such as an authentic supplier invoice, travel expenditure voucher or other Board expenditure voucher) on which the following is indicated:
 - Particulars of the claim and a certificate signed by the claimant that the amount claimed is due and payable, or an original invoice from the claimant setting out the particulars of the claim
 - Documents or certifications as are necessary to bear evidence that the amount claimed is properly due and payable (e.g. signed delivery docket, receipt copy of the official order or goods received stamp)
 - Copy of or reference to the expenditure approval
 - Name and address of the vendor
 - Relevant expenditure account code(s) and cost centre(s) against which the expenditure is to be charged.

Copies of supporting documentation. Where the original supplier invoice has been lost or destroyed, a copy of that invoice will suffice provided the processing officer is satisfied and attaches a separate certification to the effect that the claim has not been previously paid.

In relation to petty cash or travel claims, where the original receipt is lost or destroyed, the officer requesting the claim must submit a signed Statutory Declaration indicating that the original receipt is unavailable. The Statutory Declaration should be signed by the officer's manager as witness.

Payments are not to be made on a supplier's Statement of Account except in the case where the supplier specifies that the statement acts as an original Invoice/Statement.

Travel-related expenditure. Any claims for expenditure related to travel (e.g. air flight and accommodation expenses when an officer is not claiming a travelling allowance) should be accompanied by the supplier's invoice and an approved travel requisition.

Certifications. Before payments are processed, the following certifications are to be recorded by the on the expenditure request:

- **Preparation of the expenditure voucher.** Delegated officers who prepare an expenditure voucher must ensure that:
 - all relevant and necessary documentations are attached
 - the goods have been supplied, services rendered, or works constructed

Expenditure Authorisation

- the price or rate of charge, including discounts available, are correct
- the claim has not been previously been paid.
- **Financial approval** – A financial delegate with expenditure authority is to examine the application to incur expenditure and be satisfied that the expenditure relates to the organisational objectives and priorities of the Statutory Body, particularly as identified in the Strategic Plan. In addition, the nature of the expenditure must be in accordance with the Board's permitted expenses policy (see 'Permitted Expenses', in this manual) and the delegation must be given in accordance with the prescribed conditions and Instrument Of Delegation.
- **Payments (certifying the accounts)** – The payments officer certifies that the accounts have been properly examined and are in accordance with the prescribed requirements (i.e. Board policy and procedures). When the officer is examining the voucher, they are ensuring that:
 - appropriate supporting documentation is attached
 - appropriate approval has been obtained
 - the invoice number, date and amount on the voucher are consistent with the supporting documentation
 - the invoice has not been previously paid, particularly in the case of photocopied invoices.

Trade Creditors

OVERVIEW

Trade creditors are accounts payable to suppliers or service providers for the provision of goods or services to the Board. Except in the case of an authorised prepayment (see 'Prepayments', in this manual), goods or services must have been received by the Statutory Body before payment is made to the supplier.

PAYMENT OF ACCOUNTS

Expenditure form. All payments to trade creditors must be supported by an Expenditure Form containing:

- Request to incur expenditure (purpose, justification, cost estimate and budget item)
- Approval of a financial delegate certifying that the expenditure is permitted and funds are available within the budget
- Where applicable, other supporting information or documentation (e.g. supplier quotes).

Supplier's invoice. The original supplier's invoice is to be attached to the Expenditure Form. A supplier's invoice should contain the following information:

- A unique identification number
- Date of issue
- Supplier's name and the payment address
- Board's name as the debtor
- Details of the goods or services supplied
- Amount payable
- Payment terms.

All trade creditors should be paid in accordance with the payment terms to which the Statutory Body agreed when entering into the purchasing arrangement (e.g. 7 days, 14 days, 30 days net).

SPECIAL CONDITIONS

Hire and lease payments. Where the Statutory Body elects to hire or lease items in lieu of purchasing, payments are to be made only in accordance with the amount(s), terms and conditions agreed to between the hirer/lessor and the Board in the formal agreement entered into at the commencement of the arrangement.

Examples of items which may be hired rather than purchased include:

- Motor vehicles (short-term hire)
- Specialised items of equipment required for a short period of time.

Trade Creditors

Examples of items which may be leased rather than purchased include:

- Office accommodation
- Land
- Motor vehicles
- Items of equipment required over a lengthy period for which maintenance and upgrade facilities are required.

Payments for contractors, professionals and consultants. All payments for the provision of contract, professional or consultancy services to the Statutory Body must be in accordance with the formal agreement between the service provider and the Board. At a minimum, rates payable and the frequency of payments should be specified in the agreement. Particularly in the case of consultancies, satisfactory evaluation of outcomes, as documented by the supervisor of the consultancy, should be a condition of payment.

Foreign currency payments. Foreign currency payments are those payments made to overseas suppliers in the currency of their country. In lieu of a cheque being drawn payable to the supplier, the exchange rate will be obtained from the bank and a cheque drawn for the Australian currency amount plus any bank fees for the purchase of a bank draft. The cheque is to be payable to the bank and drawn on the same day as the exchange rate is obtained. The bank draft, payable to the supplier, is then purchased from the bank, again on the same day, and forwarded to the payment address or deposited in the supplier's account.

Miscellaneous Payments

Miscellaneous Payments

OVERVIEW

Miscellaneous payments include all sundry payments such as petty cash, personal reimbursements and other payments to individuals. These differ from trade creditors in that they are not based on the supplier providing goods or services on credit and subsequently invoicing the Statutory Body. However, the requirements of the expenses and authorisation policies still apply.

PETTY CASH

Establishment. Petty cash accounts are established for the purpose of paying for minor expenditure items, avoiding the expense and inconvenience of drawing cheques for petty expenses. The establishment of a petty cash account is to be approved by the General Manager.

Custodianship. An Administration Officer is to be charged with the responsibility of administering and safeguarding the petty cash account.

Use. All petty cash expenditure is to be in accordance with the general policy for Board expenses (see 'Expenses: General Policy', in this manual) and for approved purposes only (see 'Permitted Expenses').

A limit for individual transactions should be approved by the Board. The Administration Officer responsible for the petty cash account may use discretion in determining whether the use of petty cash is appropriate in the circumstances. When necessary, the General Manager may be approached for determination.

Examples of the types of items that may be purchased using petty cash include:

- Small miscellaneous requisites (e.g. stationery, incidental postage, first aid supplies)
- Tea/coffee/refreshment supplies for official meetings
- Incidental parking costs incurred while performing official duties
- Up front bank charges incurred when conducting Board banking
- Fuel costs when an officer or approved non-officer uses their private motor vehicle to attend to official business or an official meeting
- Incidental fares incurred while carrying out official business
- COD delivery charges.

All petty cash expenditure must be authorised by an appropriate financial delegate.

Claims. Claims for petty cash expenditure, usually in the form of a petty cash docket, are to be submitted to the Administration Officer responsible for the petty cash account. The purchase is to be adequately described and supported by the supplier's receipt or other evidence of payment received. The funds to be used in the recoupment are to be noted on the receipt.

Miscellaneous Payments

Reconciliation. Petty cash accounts are to be reconciled when:

- Recoupment is required (at least monthly)
- Custody of the petty cash advance is being transferred from one officer to another
- Shortages or surpluses are suspected or detected.

To reconcile the petty cash account, the documented expenditure and cash on hand are balanced with the original amount of the petty cash account. The amount of the expenditure is then recouped to restore the cash on hand to the value of the original petty cash account.

The reconciliation of the petty cash account is to be prepared and certified by the Administration Officer responsible for the account and checked and certified by a Supervising Officer.

Discrepancies. Where the reconciliation reveals discrepancies, the unbalanced amounts are to be immediately investigated by the Administration Officer.

- **Shortages.** Cash shortages that appear to have resulted from a criminal offence are to be reported in writing to the General Manager who is responsible for determining what further action is to be taken (e.g. notifying the Police).
- **Surpluses.** Where the origin/destination of a surplus of monies cannot be identified or they cannot be appropriately allocated, those monies are to be consumed by the recoupment (i.e. the value of the recoupment will be reduced by the amount of the surplus).

Expenditure form. After reconciliation, an Expenditure Form is to be prepared by the Administration Officer for the recoupment of the expended petty cash funds. The claim for payment is to be supported by the receipts for the petty cash expenditure and the reconciliation of the expenditure to date and cash on hand with the value of the petty cash account.

Encashment. Upon receiving the cheque reimbursing the petty cash account, the Administration Officer responsible for the account is to present the cheque at the bank for cash (for further information regarding the opening of cheques for encashment, see 'Cheques', in this manual). The cash obtained should be in denominations that will facilitate ease of administration when issuing petty cash advances and reimbursing petty cash expenditure claims.

Internal checks. Spot checks of the register and cash on hand must be performed by the Accountant to ensure there is safe custody, correct balancing and appropriate use of petty cash.

ENTERTAINMENT EXPENSES

Incurring entertainment expenses. Entertainment, or expenditure for official hospitality, should be incurred only where it is considered essential to facilitate the conduct of public business. Such hospitality should not be a substitute for business meetings which would ordinarily be conducted in the office.

It may be periodically appropriate to provide hospitality to individuals of particular importance to the Statutory Body. Examples include:

Miscellaneous Payments

- Interstate and overseas visitors (where the Statutory Body has an interest in, or a specific obligation towards, facilitating the visit)
- Representatives of business or industry, trade unions, recognised community organisations, the press and other media.

Prior written approval must be obtained from the appropriate delegate before the function takes place. A copy of this approval must support the resulting claim for payment that is submitted for processing.

Expenditure associated with the attendance of spouses/partners and children of Statutory Body officers at official functions are to be met personally by that officer. Such expenditure is considered personal and is not to be funded by the Statutory Body.

However, if the Chair, Board Members or staff receive an official invitation to a formal, necessary and approved meeting or function, and the invitation is extended to their spouse or partner, the invitation can be accepted and the Board should pay any reasonable associated expenses. However prior approval must be obtained from the Board or Minister.

Details of all attendees at functions funded by the Statutory Body must be provided to support the claim for payment.

Purchase of alcohol for Statutory Body staff consumption. All expenditure must be for official purposes and officers must be able to identify the benefit for the agency, the State and the public generally. The purchase of alcohol for staff consumption is generally not regarded as fulfilling these guidelines.

Purchase of alcohol by staff while travelling. Staff will not claim for alcohol consumption while travelling.

Staff who travel are provided with an incidental allowance which covers such items as drinks, papers and private phone calls.

Any mini-bar purchases are a personal expense of the travelling officer and are not to be charged to the account of a Statutory Body.

Employee Expenses

Employee Expenses

OVERVIEW

Employee expenses include all payments to Statutory Body officers for expenses incurred in the performance of official duties. The entitlement to expenses and the rates and allowances payable are prescribed by the Award and conditions under which an officer is employed.

Examples of employee expenses include:

- Travel expenses (domestic and overseas)
- Private motor vehicle allowance
- Appointment or transfer expenses
- Private telephone allowances.

Unless otherwise provided for or permitted, employees are responsible for the initial payment of expenses incurred while performing official duties and the subsequent claim of expenses due.

Supervisors/financial delegates are responsible for ensuring that expenses claimed are for legitimate purposes and events that actually occurred, and are in accordance with the conditions of employment and the relevant Board policy.

GENERAL POLICY

The following general policies apply to all employee expenses:

- Approved expenses incurred by an employee while performing official duties are to be promptly claimed by the officer and processed as an expense.
- All payments for allowances or expenses due will be in accordance with the relevant Award, Directive and/or conditions of employment for the officer.
- The incurrence of employee expenses must be approved by the appropriate supervising officer before being incurred. When being claimed, the payment of expenses must be approved by the supervising officer and financial delegate.
- Officers may not authorise the incurrence or approve the payment of expenses to themselves.
- Advances of allowances may be made where the entitlement exists. Advances must be acquitted within 14 days of the officer completing the duties for which the advance was granted.
- All advances and subsequent acquittals are to be recorded in a central register, and be subject to appropriate review and follow-up action.

Employee Expenses

ENTITLEMENT

Employment status. In accordance with the Award and conditions of employment, any officer who is an employee of a Board is entitled to employee allowances when incurring expenses in the course of official duties carried out away from their usual place of business and/or residence.

Approved non-officers. The Board may also approve allowances for specific non-officers such as Board Members or representatives accompanying officers of the Statutory Body on official business trips, if approval has been received in accordance with the *Racing and Betting Act 1980*.

TRAVELLING EXPENSES

Domestic Travel Expenses

Travelling allowance rates. The Board should adopt the travelling allowances prescribed in the Directive issued by the Department of Employment, Training and Industrial Relations (DETIR) as its rates for travelling allowance.

Additional individual expenditure exceeding \$10 must be supported by original invoices or receipts and attached to the Expenditure Form. For expenses below \$10, unsupported by an invoice or receipt, the name of the supplier and nature of goods and services supplied should be recorded on the form.

Private expenditure should be deducted from any invoices claimed.

Components. A travelling allowance comprises the following three components:

- **Meals.** Meal allowance is payable from the date of departure until the date of return and is based on the meal times during which an officer is absent from their usual place of business and/or residence, and whether the meals were obtained in a capital city or another centre.
- **Accommodation.** The accommodation component of the travelling allowance is payable for the number of overnight absences in a period of travel and is based on the centre at which accommodation is obtained.

When accommodation is obtained at a cost that is *more* than the maximum allowance, the General Manager must approve the payment of the actual accommodation costs.

When accommodation is obtained at *no cost* to the officer or the Statutory Body pays the costs of accommodation directly to the provider, accommodation allowance will not be payable.

- **Incidentals.** Incidental allowance is payable for the number of 24 hour periods and/or part thereof during which an officer is absent from their official place of business and/or residence. The incidental allowance is intended to cover the extra incidental costs of being away from home – not actual expenditure for items such as taxi fares (such expenditure should be claimed in addition to travelling allowance, when the claim is acquitted).

A Board may approve a maximum daily limit for incidental expenses. In such cases, the rate should be reviewed at least annually.

Employee Expenses

Advance payment. Generally, travelling allowance will be claimed by an officer or approved non-officer *before* they commence the period of travel for which expenses are sought. In such cases, the claimant may seek an advance of 100% of the allowance that is anticipated to be due. A claim for an advance of travelling allowance is to be supported by a completed Travelling Allowance Form and a completed and approved Expenditure Form.

Claims for advances are to be submitted at least 14 days before the commencement of travel. Urgent travel advances can be considered with no less than two days notice.

All advance payments are to be acquitted within 14 days of the completion of the period for which the advance was granted.

After accepting a cheque for a travelling allowance advance and signing the Expenditure Form, recipients are responsible for the safe custody of the monies and ensuring that the advance is expended only for the purposes for which it was granted (i.e. for expenses relating to the period of official travel).

An advance requires a certification of the claimant and financial delegate approval.

Acquittal of advance payments. On returning from a period of official travel, a claimant that has received an advance of travelling allowance must promptly acquit the advance. Documents should be in their original form and not be copies. Additional travelling expenses that are not covered by the travelling allowance (e.g. taxi fares) are to be claimed at this time.

An acquittance form certified by the claimant and the documents supporting the acquittal of a travelling allowance advance are to be affixed to the Expenditure Form used for the original advance payment. Any extra amount payable to the claimant is to be processed at this time.

The acquittal requires the certifications of the claimant and supervising officer. When there is a 10% or greater variance from the original advance amount, the certification of the financial delegate is also required.

After verification of the claim, the Register of Advances is updated to record the acquittal of the advance. After confirmation that the amount and cost centre code quoted on the acquittal match the advance, the claim can be processed.

At the close of each month, a responsible officer must reconcile advances to acquittals in the accounting system ledger. The reconciliation should identify unmatched credits for corrective action, and unmatched debits for follow-up of outstanding advances.

If a reimbursement of some of the travelling allowance previously advanced is due to the Board, the unacquitted portion is to be immediately recovered from the claimant (see 'Repayment of Travelling Allowance', below).

Outstanding advances. A travelling allowance advance is deemed to be outstanding when the claimant has returned from the travel for which the advance was made but has not submitted an acquittal. Outstanding travelling allowance advances are to be regularly reviewed by an independent officer. When it is required, the General Manager should be approached to determine appropriate recovery action.

Employee Expenses

Repayment of travelling allowance. An officer or approved non-officer who has received an advance of travelling allowance would be required to repay some or all of that advance to the Statutory Body when:

- the travel is cancelled
- the first date of travel is postponed for more than a week
- the period of travel is reduced
- the total amount paid in advance changes
- the entitlement to receive the travelling allowance is found not to exist.

As recipients are required to use advanced travelling allowance only for the purposes for which it was granted, immediate repayment of the unacquitted portion of an advance is required. Monies repaid to the Board are to be credited to the same account as that from which the advance was originally made.

Travelling expenses – actual. An alternative to the payment of travelling allowance is to ‘travel on actual expenses’. This is where the officer receives reimbursement for actual expenditure by keeping all receipts. Actual expenditure does not include air fares and vehicle hire expenses – expenses of this nature should be organised and accounted for before the commencement of travel.

Written approval is to be received in advance to travel on actual expenses. The submission for approval should be supported by an estimate of the cost of travel.

The delegate approving travel on actual expenses should be aware of the standard travelling allowances paid within Government to ensure that only reasonable expenses are claimed by the travelling officer.

Overseas Travelling Expenses

Approval. All overseas travel requires the support of the General Manager and, subsequently, the approval of the Board. Prior consultation and approval must also be received from the Minister.

A submission should be completed for approval. The submission should include the following information:

- Name(s) of officer(s) travelling
- Position
- Destination (e.g. conference location)
- Countries/places to be visited
- Period of trip/conference
- Reason for travel/conference
- Benefits/objectives
- Details of consultation taking place with other bodies/entities that may be interested in the proposed visit
- Total travel costs
- List(s) of reports to be submitted on return of officer(s)
- Details of any leave being sought by officer(s) while overseas

Employee Expenses

- Support of General Manager and Chair of the Board.

Travelling allowance rates. The Board should adopt the travelling allowances prescribed in the Directive issued by the Department of Employment, Training and Industrial Relations (DETIR) as its rates for travelling allowance.

Travel advances. Although not a preferred option, travel advances may be issued for overseas travel. The correctly completed travel advance form must be received no later than 14 days before the commencement of travel.

It is the responsibility of the person undertaking the travel to purchase traveller's cheques or exchange currencies directly with a banking agency.

Bookings. Air fares, accommodation and conference fees may be paid for before the commencement of travel using the appropriate procurement means.

Travel diary. A detailed travel diary must be maintained by the travelling officer. The diary is to record all activities, travel and related expenses for the planning and duration of the trip. This information includes:

- Departure and arrival times, and any delays
- Meals, drinks and the name and location of restaurants used.

To assist in later interpretation of the log, exchange rates and currencies are to be included, and receipts should be stabled to the relevant pages of the diary.

The following is an example of a travel diary:

TRAVEL DIARY					
Name: _____		Period Beginning: _____			
Signature: _____		Period Ending _____			
Date of Entry	Activity Commenced		Travel Itinerary (Place of Activity)	Duration of Activity (Hours/Days)	Purpose of Activity
	Time	Date			

The travel diary is to be completed for all overseas travel
All time away from home/office is to be accounted for, including time taken as leave
Entries are to be made at the time of the activity, or as soon as reasonably practical

Employee Expenses

Acquittal of expenses. On return, the travel diary is to be forwarded to the Finance area with the completed travel acquittal form within 14 days.

Travel Bookings

Travel service provider. Travel arrangements involving air, rail or coach travel must be made through an accepted service provider. Statutory Bodies should optimise the market share based rebates and discounts available when Standing Offer Arrangements are negotiated. These rebates and discounts are usually over and above the discounts secured in respect of the individual air fare.

Class of Travel

Domestic air travel. All officers shall travel economy class on domestic air fares, unless the trip exceeds three hours actual flying time.

Overseas air travel. The Board must approve the class of travel available for employees and Board members when travelling overseas. The policy established must be reasonable and able to withstand public scrutiny and audit checks.

Upgrading. Where any staff member is accompanying a person in a higher position, the officer shall be entitled to travel at the same class as the senior officer (subject to the senior officer's approval).

Extension of Travel for Personal Purposes

Conditions for extending travel. When travelling on official business, officers may extend the period of travel for personal reasons, either before or after the official component of the trip, provided that:

- Prior approval is obtained from the relevant delegate (including approval for any additional absences from the workplace during working hours); and
- Any additional expenses incurred are the responsibility of the travelling officer (e.g. air fares for extended travel or split trip, accommodation, meals, taxi fares and incidental items).

Associates Travelling Expenses

Approval. Only in exceptional circumstances, where specifically approved by the Board, and where the attendance of an associate is of demonstrated benefit to the Board, are the travel and associated costs of an associate to be met by the Board.

An 'associate' will include a spouse, accompanying person and/or family member of the Chair, Board Members and General Manager.

Costs for associates. Where an officer is accompanied on official travel, the Board does not meet the costs of:

- Fares for the associate(s)
- Additional accommodation charges that are beyond those costs associated with the arrangements for the officer

Employee Expenses

- Meals, drinks and incidentals for the associate(s)
- Laundry, dry cleaning and grooming costs for the associate(s).

Recipients of travel advances are required to submit an acquittal upon completion of their official travel.

Invitations. If the Chair, a Board Member, or the General Manager receives an official invitation to a formal, necessary and approved meeting or function, and the invitation is extended to their spouse or partner, the invitation can be accepted and the Board should pay any reasonable associated expenses. However, prior approval must be obtained from the Board or Minister.

AIRLINE INCENTIVE SCHEMES

Frequent Flyer Programs. Since the inception of frequent flyer schemes in Australia, the Queensland Government has had a clear policy that no individual may receive private benefit from work related travel expenditure for both domestic and international travel.

Any benefits accruing from travel at the Statutory Body's expense shall be used only for official purposes.

Frequent flyer points accrued from official business shall not be used by officers to upgrade to a level of travel to which the officer is not normally entitled.

However, savings can be achieved on travel undertaken for official purposes. The frequent flyer scheme is one method available to Boards to reduce travel costs through the redemption of available points.

An application form must be completed for all new memberships, supported by a declaration from the applicant that all benefits accruing from membership shall be for official purposes only. The applicant must also provide authority to cancel the membership and forfeit all accrued points upon cessation of employment.

Membership to a frequent flyer scheme should be approved only where an officer anticipates travelling at least 12 times over a 12–18 month period.

Airline Executive Service Clubs. Corporate memberships to airline executive service clubs (.g. Golden Wing and Qantas Club) will be approved at the discretion of the Board.

The criteria for membership shall be generally restricted to officers who fly frequently and whose official duties while travelling are assisted by the facilities offered by these clubs.

Membership should not be awarded as a prestige symbol.

MOTOR VEHICLE ALLOWANCES

Approval. In accordance with the Board's delegations, it is necessary to obtain written approval before using a private motor vehicle for official purposes.

Use. A private motor vehicle shall be used for official purposes only when an official vehicle is not available. A private motor vehicle shall not be used unless:

Employee Expenses

- The vehicle is covered by either a comprehensive motor vehicle insurance policy or a third party property damage insurance policy; and
- The insurance policy has been endorsed to indemnify the Board against certain liabilities at law (this is a standard endorsement available from all insurance companies).

Claims. An authorised officer may claim duly related costs incurred for private motor vehicle usage.

Payments may be approved for motor vehicle allowance where officers are required to use their private motor vehicle for official purposes. Motor vehicle allowance payments shall be made in accordance with the current Directive issued by the Department of Employment, Training and Industrial Relations (DETIR). The claim must be supported by a copy of the approval to use the private motor vehicle for official purposes.

Rental. Vehicle rentals must be raised by purchase order and paid directly by the Board. Direct hire requires prior approval by the General Manager.

PRIVATE TELEPHONE REIMBURSEMENTS

Entitlement. Private telephone allowance will be paid to Board Members and employees with the entitlement prescribed in their employment agreement.

Claims may be paid for rental, service, connections, and local, STD, international and mobile telephone calls, as per the relevant employment agreement.

Approval. Officers seeking approval for private telephone reimbursement are required to submit a written application to the Board. The application must include the reasons for requiring the reimbursement.

Claims. Officers are required to pay the telephone account in the first instance, and claim the allowance using the appropriate expenditure claim form.

Claims for private telephone allowance require the certifications of the claimant and appropriate financial delegate.

Claims must have the corresponding telephone account and receipt/receipt advice attached. Where the officer is claiming actual costs for STD, international or mobile telephone calls, the purpose of each call is to be provided with the claim.

Funding Provided

Funding Provided

OVERVIEW

A Statutory Body may provide funding to another organisation or individual for a specified purpose. The recipient's expenditure of the funds is constrained by conditions imposed by the Statutory Body.

See also 'Grants', in this manual.

PAYMENT

Application. When an organisation or individual requires funding from the Statutory Body, application is to be made to the Board. The application should contain justification for the amount requested and full details of the expenditure to be incurred.

The Board's approval of an application for funding should be reflected in the Minutes.

Payment. The payment of funds to another organisation or individual is to be documented and approved on an expenditure form and, where appropriate, supporting documentation is to be attached. Payment may then be drawn for the amount of the funding to be provided and the accounting system updated with the payment details.

Terms and conditions. The Board may impose any terms and conditions that it requires in order to properly account for and acquit the funds.

The terms and conditions of funding provided by the Statutory Body are to be fully documented and signed by the recipient of the funding. Their signature is evidence of their acceptance of and commitment to adhere to the requirements.

Acknowledgment of receipt of payment. An organisation receiving funding from the Statutory Body is to provide written acknowledgment of the receipt of funds (including the date on which the funds were received).

Human Resource Costs

Human Resource Costs

PAYROLL

Compliance and authorisations. All payments of salaries will comply with the applicable Awards and Employment Agreements.

Authorisations for salary/ wage charges, overtime and any other variations to a payroll must be in accordance with the Instrument of Delegation.

Employee timesheets must be approved by an authorised officer.

Internal controls must be in place to ensure that all outputs of a payroll cycle (i.e. pay slips, bank transfer slips, payroll reports, and the like) are checked and certified by a preparing and checking officer.

Reconciliation and posting. It is the responsibility of the Finance area to reconcile the total amount of the payroll to the amount debited from the Statutory Body's bank account for salary payments. The Accountant shall ensure that salary expenditure data for the payroll system is transferred each pay period for processing to the General Ledger.

In relation to human resource costs, the following types of employee expenses will be recognised in the accounts:

- Salaries and wages, including fringe benefits and non-monetary benefits
- Overtime, higher duties and other allowances
- Annual leave and leave loading
- Superannuation and other post-employment benefits.

Group certificates. At the end of the financial year, the Finance area will reconcile the group certificates to the payroll.

STAFF-RELATED EXPENDITURE

Scope. Staff-related expenditure includes the payment of ancillary costs such as workers compensation, superannuation, employment of casuals and part-time staff.

It does not include the employment of consultants and permanent staff.

Approval. The Instrument of Delegations should set out the expenditure limits in respect to such costs, and any other relevant approvals.

It is the responsibility of the Board to determine the authority required in respect to the engagement of full-time, part-time and casual staff.

Human Resource Costs

Obligations. The Statutory Body should comply with the standards set down by the Government with regard to the selection and engagement of personnel.

The Board must be aware of its legal responsibilities as an employer with respect to taxation matters, industrial legislation, decisions of the Industrial Court, and guidelines issued from time to time by the Commission, and shall be kept informed on such issues. The Board should appoint an officer with appropriate qualifications and skills to undertake this role.

Special Payments

Special Payments

Definition. Special payments are those payments that are made in addition to the payments made in the ordinary course of operations.

Special payments include:

- Ex gratia and extra-contractual payments where no legal obligation exists under the terms of the contract but a court might hold that an obligation exists
- Extra-statutory and extra-regulatory payments that are within the broad interpretation of an Act or regulation but go beyond the strict interpretation of its terms
- Gifts of public monies.

Approval and payment. Special payments may be approved as per the Instrument of Delegations for the Statutory Body.

All special payments will be made by way of an expenditure form, with a copy of the approval to make that payment attached.

Register. All special payments made by the Statutory Body will be recorded in a Register of Special Payments immediately on making such a payment.

The register will be maintained by the Finance Area and is to be reconciled to the General Ledger on a monthly basis.

The register will, as a minimum, record the following details:

- Date of payment
- Recipient of the payment
- Amount of the payment
- Reason for payment
- Reference to approving document.

Payments

PAYMENT METHODS

The following payment methods may be used by a Statutory Body:

- Cheques and cash; and
- Credit cards; and
- Electronic funds transfers.

CHEQUES

Overview

Definition. A cheque is a negotiable instrument directing a bank to pay a specified sum of money to the nominated payee, drawing the funds from the nominated official bank account.

Cheques are drawn for all official accounts payable by the Board where other payment methods are unable to be used. Cheques are drawn on the nominated official bank account of the Board.

Types. System cheques are those cheques generated by an approved financial system based on the payment information entered when the account payable data was entered.

Manual cheques are those cheques produced manually from the information provided on a payment voucher. The account, payment and cheque information are subsequently entered into the financial system used by the Board.

Manual cheques may be raised only in the prescribed emergent circumstances and where production of a cheque on the next working day is unacceptable. All other cheques are to be system generated.

Completion. All cheques must be correctly completed in full and authorised by approved cheque signatories before issue. Cheques should be completed to ensure:

- Accounts payable are made out to the Board and match the cheque details; and
- Payment verification checks have been completed.

Encashment. Cheques that are opened for encashment are able to be presented for cash rather than for the credit of funds to the payee's account. Cheques will be opened for encashment only with the approval and certification of the authorised cheque signatory.

Accountable forms. Cheques are accountable forms and are subject to the security and control policies prescribed for such forms (see 'Expenses – Security and Control', in this manual).

Review. The Accountant is responsible for the perusal of cheques after production and signature to ensure that the cheque information is in alignment and that they have been correctly printed and signed.

Payments

Cancelled cheques. Cheques drawn in error that have not been presented for payment are to be retrieved and cancelled. Cancelled cheques are to be filed for audit purposes.

Replacement cheques. Cheques that have been lost, stolen or not received by the payee and have not been presented are to be replaced.

System Cheques

Frequency. System cheques will be produced as frequently as required to fulfil supplier or Board policy commitment to payment terms.

Production. System cheques will be produced only by the authorised processing officer. The authorised drawing officer will have no other duties relating to the preparation and data entry of accounts payable.

Signing. System cheques may be signed manually or with impressed/lithographic signatures using a signing machine.

Spoiled cheques. Spoiled cheques resulting from the production of system cheques are to be cancelled and retained in accordance with record retention requirements.

Manual Cheques

Approval and issue. Before drawing any manual cheque, approval must be obtained from the General Manager or Accountant. Manual cheques may be drawn only with this approval, and in emergent circumstances when a system cheque is unable to be generated.

The issue of a manual cheque is not acceptable in the following circumstances unless exceptional reason exists (consultation with the Accountant is required):

- Petty cash recoupment
- Travel advances
- Replenishment of franking machines
- Salaries and wages.

Recording. Manual payment information is to be promptly recorded in the accounting system.

Opening and Encashment of Cheques

Approval. Cheques will be opened for encashment only when there is a need for cash to be obtained from presentation of a cheque (e.g. recoupment of petty cash, cash floats and the like).

Endorsement. All cheques will be made payable to a specific payee (not 'Cash'). Encashment will be indicated by way of the endorsement 'PLEASE PAY CASH' on the face of the cheque. Cheque signatories must authorise the endorsement.

Payments

Register. All cheques opened for cash are to be recorded in a Register of Open Cheques. Receipt of the cheque is to be acknowledged by the payee.

Cancellation of Cheques

Reason. Cheques will be cancelled when they have been drawn in error, e.g:

- Incorrectly drawn for a supplier or claimant (e.g. duplicate payment)
- Amount of the cheque or other cheque information is incorrect
- Cheque is no longer required for a particular reason.

Conditions. To cancel a cheque, the original cheque must be present. The exception is in the case of a replacement cheque, where the payee is not in possession of the original cheque.

Processing. All cheque cancellations are to be processed by the Finance area.

Replacement Cheques

Reason. Cheques that have been lost, stolen, destroyed or not received by the payee, and have not been negotiated, will be replaced by the Board.

Indemnity and undertaking. Before replacement cheques are issued, payees are required to indemnify the Board from further claim in respect of the replacement cheque and undertake to return the original cheque should it come into their possession.

Processing. All cheque replacements are to be processed by the Finance area.

A replacement cheque should be drawn from the same bank account from which the corresponding original cheque was drawn.

CREDIT CARDS

All credit cards issued to officers are for the purchase of and payment for official goods and services.

The credit facilities generally used by Statutory Bodies are:

- Corporate credit cards
- Fuel cards
- Taxi vouchers
- Toll cards.

For further information, see 'Credit Facilities', in this manual.

ELECTRONIC FUNDS TRANSFER

The Statutory Body may make payments via electronic funds transfer (EFT) to creditors. The Finance area is responsible for managing EFT payments and only authorised systems officers can initiate the payment process.

Depreciation and Amortisation

Depreciation and Amortisation

OVERVIEW

Depreciation is a non-cash expense that is systematically recognised for the purpose of allocating the cost of a non-current physical asset over its useful life (see 'Non-Current Physical Assets', in this manual).

Amortisation is the allocation of the cost of intangible assets (see 'Intangibles', in this manual).

DEPRECIATION

Policy. All non-current physical assets of the Statutory Body are to be depreciated in accordance with applicable accounting standards and legislation.

Disclosure. Depreciation is recorded as an expense of the reporting period and is disclosed as such in the annual financial statements.

The accumulated value of depreciation is to be separately disclosed as a deduction from the relevant asset class in the financial statements.

Revalued assets. Where an asset has been revalued, depreciation charges subsequent to revaluation are to be based on the revalued amount.

AMORTISATION

Intangible assets. An intangible asset is a non-current asset that is not physical in nature but that provides future economic benefits to the Statutory Body. An intangible asset derives its value from the special rights that possession and use confer to the Statutory Body as the owner. Examples include patents, trademarks, copyrights, capitalisation of software and brand names.

Intangible assets are to be amortised over the useful life of the asset as expected to be used by the Statutory Body.

Recognition and disclosure. At the end of each reporting period, the amortisation is to be charged against the relevant assets and recognised in the financial statements of the Statutory Body.

The accumulated value of amortisation is to be separately disclosed as a deduction from the relevant asset class in the financial statements.

Interest on Borrowings

Interest on Borrowings

OVERVIEW

Interest is the amount of money paid by the Statutory Body to compensate a lender for the use of borrowed funds.

INTEREST

Loan agreement and repayment schedule. The frequency and amount of interest charged on borrowings should be in accordance with the documented loan agreement, and repayments should be agreed between the Statutory Body and the lender.

The Board of the Statutory Body is responsible for negotiating and agreeing on terms and conditions of borrowings. The Board is also responsible for the accurate calculation and timely remittance of interest due to lenders for borrowings.

Payment. Interest payments are to be calculated in accordance with the loan agreement or repayment schedule, and checked and certified by the Accountant.

Payment of interest is to be made by the agreed due date.

Recognition. All interest on borrowings is to be recognised as an expense. Interest incurred but not paid is to be recognised as an expense and a liability.

At the close of the financial year, the amount of interest accrued but not paid is to be calculated and recognised as an expense and liability in the financial statements.

Security and Control

OVERVIEW

Security and control policies for expense records and associated documents are required to ensure the safekeeping of accounting records and prevent the fraudulent use or misuse of such documents that may result in a loss to the Board. The policies also maintain the integrity of the Board's financial information and minimise the opportunity for the misconduct of officers.

Examples of expense records and forms to which this policy applies include:

- Accounting records (payment vouchers and the like)
- Cheques.

The Accountant is responsible for the implementation and maintenance of adequate Security and control policies for expenses.

GENERAL POLICIES

Accounting records. All accounting records relating to the expenses of the Board must be controlled and secured at all times.

Segregation of duties. Duties of officers in relation to expense functions will be adequately segregated to the extent that the opportunity for misconduct is minimised.

Confidentiality. Confidentiality of expense information is to be maintained by all officers.

ACCOUNTING RECORDS

Security. All accounting records, whether computerised or otherwise, are to be kept secure and protected from unauthorised access and alteration.

Security of records will be ensured by:

- Restricting access to only authorised personnel
- Securing the location where records are held (e.g. locked room)
- Registering the authorised removal of documents from the storage area for official purposes.

Ink. All accounting records that are maintained in hard copy must be printed, typed or written in permanent ink.

Corrections. When an alteration is to be made to a hard copy accounting record, the incorrect entry will be ruled through, initialled and dated. Correction fluid is not acceptable.

Security and Control

Recovery. The Board must have procedures in place to ensure the recovery of records and the ability to continue normal operations when accounting records are lost through circumstance beyond its control.

CHEQUES

Use. The receipt, issue and use of official cheques are to be documented at all times.

Cheque signing machine. Access to and the use of a cheque signing machine are to be monitored and controlled to ensure no unauthorised use occurs.

Recognition in the accounts. Cheques drawn for accounts certified and passed for payment will be immediately recognised in the accounting records.

SYSTEM SECURITY

Procedures. Security control procedures shall exist to ensure system security and the integrity of information against vandalism, theft, loss, unauthorised access, disaster and the like.

The Accountant, shall be responsible for the regular review of users to ensure access and security profiles are authorised.

Contents

GENERAL POLICY	1
Policy	1
Overview	1
APPLICATION FOR A GRANT	2
Submissions	2
Assessment	2
Grant Acceptance	2
GRANT ADMINISTRATION	4
Reporting	4
Release of Funds	4
Accounting Procedures	4
Procurement of Goods and Services	5
Project Monitoring	5
Project Variations	5
Grant Acquittance	6
Unexpended Funds	6
Surplus Funds	7
Deficits	8

General Policy

POLICY



All grants must be supported by an approved and certified grant agreement.

All grants provided are to be used for the agreed purposes, and be accounted for pursuant to the terms and conditions of the approved grant agreement.

The Board is to separately identify and report the income and expenses for an approved project, and ensure that any income generated by the project is used towards achieving the objectives of that project.

OVERVIEW

A grant or subsidy is a payment of monies to an individual or organisation for a specific purpose. The expenditure of grant monies is generally governed by documented conditions imposed by the Statutory Body in order to ensure that the grant results in benefits.

Grants are paid from the Statutory Body to another entity for a specified purpose. Therefore, grants can be classified as either a Revenue or Expenditure item. This chapter includes underlying principles that should be adopted by Statutory Bodies in relation to grants paid to other entities.

Grants may be made pursuant to the applicable governing legislation on the basis of specific standard agreements and the terms and conditions contained in the grant conditions, letter of offer and letter of acceptance.

Application for a Grant

Application for a Grant

SUBMISSIONS

Development. Projects proposed for funding by Statutory Bodies should be in line with the Board's strategic plan by promoting its stated aims and objectives. Submissions should be developed in consultation with affected staff and referred to the General Manager for consideration. In all cases, the General Manager will then refer the submission to the Board for endorsement.

Timing. Applications for grants are to be submitted in accordance with the timetables set by the Statutory Body.

Components. Written applications must be in the format required by the Statutory Body and, as far as possible, be complete and supported by all necessary documentation. Applications must not include any false or misleading information and are to be signed in accordance with the governing rules of the Statutory Body.

As a minimum, the grantee is required to submit the following information:

- Clear statement of the purpose of the approved grant
- Proposed grant amount
- Objectives of the project
- Approved budget
- Conditions under which the grant is provided (e.g. standard terms and conditions)
- Security arrangements for assets acquired using grant funds
- Project performance indicators (negotiated between the two parties and agreed to by both).

Acknowledgment. To ensure that the grant application has been received in the correct format and in accordance with the prescribed timetable, an entity should request that the Statutory Body provide written acknowledgment of receiving the grant application (including the date of receipt).

ASSESSMENT

Basis of assessment. Based on the documentation and details provided by the Statutory Body, and the stated evaluation criteria, the Board will assess applications for grants. The information contained in grant applications should be sufficient to maximise the potential for acceptance.

The successful applicant for the grant will be advised of the approval by a letter of offer.

GRANT ACCEPTANCE

Documentation. The letter of offer will be supported by a formal grant agreement that summarises the legal responsibilities and obligations of the Statutory Body and grantee. The grantee is required to submit a letter of acceptance to the Statutory Body.

Application for a Grant

The acceptance is to be signed in accordance with any governing legislation and, where applicable, executed under common seal.

Recording. The Statutory Body is to retain on file all documentation (including correspondence, enclosures and attachments) pertaining to the application for and acceptance of grant funds received or paid.

A specific project file, setting out the agreed objectives and performance indicators, must also be created as the basis for regular progress reporting.

Budget details and reporting requirements must also be recorded on the appropriate management information system.

Grant Administration

Grant Administration

REPORTING

Requirements. It is in the interest of Statutory Bodies to provide or receive regular reports so as to ensure the timely release of funds, notify of timing variations, and so on. In many cases, such regular reporting will be a condition of the grant.

RELEASE OF FUNDS

Payments. Releases of funds are to be paid to the approved grantee or, in exceptional circumstances, a nominee endorsed in writing by the Governing Committee of the grant. Releases should not be payable to individual office-holders or staff members without the approval of the Board.

Rollover. If a project cannot be completed within the agreed timeframe, approval to rollover funds may be sought from the Statutory Body. A written application should be submitted to the Statutory Body showing the reasons that the rollover is required and the conditions of the transaction. Sufficient information is to be provided to allow the Board to make an informed decision.

Failure to comply with the grant agreement. On the basis of regular reporting, the Board of the Statutory Body may determine that the grantee has failed to comply with the agreement governing the terms and conditions of a grant. Funding may be withheld until appropriate remedial action has been implemented to the satisfaction of the Board. Alternatively, early identification of any slippage or deficiency in the project might allow a strategy and timetable for prompt remedial action to be devised and submitted to the Board for assessment.

Grant agreements must include conditions to allow the legal recovery of funds.

ACCOUNTING PROCEDURES

Accountability. The grantee must be able to account for the use of grant funds. Financial reports must be correctly prepared and submitted to the Statutory Body in accordance with the terms and conditions of grants, as agreed to by both parties. Where specified, financial and other reports may be required to be made available for inspection, audit or review by the Board of the Statutory Body.

Bank account. Where considered to be appropriate, grant funds should be deposited into a separate bank account that identifies the grant under which the funds were obtained. The bank account should be used solely for depositing and withdrawing the grant funds and any income generated from carrying out the activities for which the grant was obtained.

Accounting system. An entity's accounting system must be structured so as to enable the income and expenses relating to a grant to be identified and reported.

Assets. All assets acquired by an entity for an approved project funded by a grant will vest in the name of that entity unless otherwise stipulated by the Statutory Body in the letter of offer and/or grant terms and conditions. All assets are to be recorded in the entity's asset register.

Grant Administration

PROCUREMENT OF GOODS AND SERVICES

Procurement requirements. In many instances, the funding provided as part of a grant will be used for acquiring assets and services that enable the entity to achieve the project objectives. Any entity provided a grant by the Board must adhere to the Board's approved requirements in relation to the purchase of assets and services with funds provided as part of the grant.

Other requirements. In addition to the procurement requirements, there will be reporting requirements specified by the Statutory Body and prescribed in the grant terms and conditions to which both parties agreed. For example, additional requirements may exist based on the nature and value of procurement transactions.

PROJECT MONITORING

Process. Project monitoring, as part of grant management, provides the link between planning, implementation and performance evaluation. The project monitoring process is an ongoing exercise and generally involves:

- Assessing performance against original project objectives
- Ensuring compliance with grant terms and conditions
- Reviewing actual revenue and expenditure and comparing these to the approved budgets.

Performance indicators. As part of grant terms and conditions, the grantee is required to develop project performance indicators. As part of project monitoring, staff will be required to submit reports of the assessment of actual performance against these indicators to the General Manager and Board.

PROJECT VARIATIONS

Occurrence. After a grant has been approved and accepted, there may be instances where the grantee wishes to seek a physical or financial variation to the original grant agreement. Variations to an approved project may occur only when endorsed by both parties.

Physical variations. Physical variations include situations where a change is required to:

- the agreed purpose of the grant
- the terms and conditions of the grant
- the project performance indicators of the grant.

In relation to physical variations, the grantee should be satisfied that the variation is justified and be able to provide supporting documentary evidence. The grantee is required to submit a formal written request to the Board providing the reasons that the variation is required.

When the purpose of a grant is varied, a new letter of offer and letter of acceptance must be exchanged between the Board and grantee.

Grant Administration

Financial variations. Financial variations may include the following situations:

- An additional amount is sought or received and its purpose is consistent with the purpose of the original grant
- There is a reduction of the original grant amount (e.g. grant funds are surplus to the approved project in the current financial year)
- There are offsets of surpluses carried forward from previous financial years
- There are variations between the total, capital, salaries or other recurrent amounts within approved budget projects.

The procedures to be followed when applying for approval to vary a grant should be in accordance with the grant terms and conditions.

When a financial variation is required, a formal request is to be submitted to the Board for approval. The request must contain the reasons for requiring the variation.

GRANT ACQUITTANCE

Achievement. Grant acquittance is attained when:

- The agreed purpose(s) for which the grant was made has been achieved and is evident (through performance indicators)
- Funds can be accounted for
- The requirements specified in the grant terms and conditions (including the type of documentation required by the Board) have been complied with.

Timing. The timetable for acquittance that is prescribed in the grant terms and conditions must be observed by both the Board and grantee. Failure to provide acquittance documentation by the due date may constitute a breach of grant terms and conditions and will prevent future funding that will not be provided until the original grant is acquitted.

Auditor's report. Grant terms and conditions will generally stipulate a requirement for an auditor's report. Audited financial statements should identify the approved grant and show income and expenditure for each approved budget item.

UNEXPENDED FUNDS

Definition. Unexpended funds occur when the grantee is unable to spend all or part of the funds comprising an approved budget item prior to the end of the financial year, but those funds are still required to complete the project for which the grant was obtained.

Unexpended funds may also occur when funds are released late in the financial year.

No expenditure from a grant. When no expenditure has been incurred in the financial year in which the grant was provided, but those funds are still required, the full grant amount is to be treated as unexpended

Grant Administration

funds. With the written approval of the Board, the grant is to be acquitted in the following financial year when the funds are expended.

Partial expenditure from a grant. When partial expenditure has been incurred in the financial year in which the grant was provided, the spent portion of the grant is to be acquitted. With the written approval of the Board, the remaining portion of the grant is to be carried over to the next financial year. It will be acquitted in the following financial year when the funds are expended.

SURPLUS FUNDS

Definition. Surplus funds are those funds remaining after completion of a project. Surpluses may occur for a variety of reasons including:

- Under-expenditure on approved budget items
- Inaccurate budgeting for the grant.

The treatment of surplus balances must be in accordance with the grant terms and conditions.

Action. Unless otherwise specified in the terms and conditions for a grant in which a surplus has been identified, the *whole* grant is to be acquitted pending a separate decision being made regarding the use of the surplus funds.

When the grantee identifies a surplus, written application is to be made to the Board detailing suggested uses for the funds.

Surplus funds may not be used by the grantee until such time as written approval from the Board has been received. The funds are to be treated as a liability in the grantee's accounts until such approval is granted.

Surplus funds identified during a financial year. When a surplus is identified during the course of the financial year, the Board may approve a budget variation that:

- Allows the grantee to use the surplus funds, or part thereof, for an agreed purpose; or
- Subtracts the amount of the surplus from the original approved grant, thus reducing the grant and freeing funds that may then be offered to another applicant.

The payment of current year surplus grant funds must be recorded against the project as 'refunds and reimbursements'.

Surplus funds identified from previous financial years. When surplus funds are identified after the end of the financial year of funding, the Board may approve one of the following:

- Repayment from the previous year's surplus; or
- Offsetting the surplus against the current year's grant, thus reducing the cash requirement; or
- Use of the surplus funds, or part thereof, by the grantee for an additional purpose in the current financial year.

When a surplus from a previous financial year is retained, the grantee should separately identify income from the surplus and the current year's grant.

Grant Administration

DEFICITS

Definition. Deficits occur when:

- Expenditure has not been contained within the approved level of the grant funding (over-expenditure on an approved budget item(s); expenditure on non-approved budget item(s))
- There has been a shortfall of project-generated income
- There has been a case of under-budgeting or poor initial budgeting.

Monitoring. The grantee is responsible for eliminating the potential for deficits to occur through the regular monitoring of expenditure and cash flow projections.

Action. Options available to the grantee to avoid or reduce a deficit include:

- Deferring activities
- Reducing current year expenditure
- Generating additional income from the project
- Requesting approval to sell assets purchased from project funds.

Contents

GENERAL POLICY	1
Policy	1
Overview	1
Asset Strategic Plan	3
Evaluations of Physical Asset Investments	3
ACCOUNTABLE ADVANCES	4
Overview	4
Accountable Advances	4
Imprest Accounts	4
Petty Cash	5
Cash Floats	5
BANK ACCOUNTS	6
Overview	6
Banking Arrangements	6
Cheque Signatories	6
Use of Bank Accounts	7
Bank Reconciliations	7
Unpresented Cheques and Unclaimed Monies	8
DEBTORS	9
Overview	9
General Policy	9
Debtor Control	9
Debtor Administration	10
PREPAYMENTS	12
Overview	12
Payment	12
Confirmation of Goods/Services Received	13
INVENTORIES	14
Overview	14
Receipt and Recording	14
Storage and Access	14
Issue	14

Contents

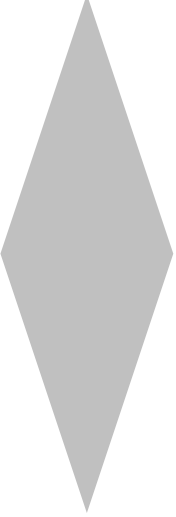
Stocktake	15
Valuation	15
INVESTMENTS	16
Overview	16
Authority	16
Controls	16
PORTABLE AND ATTRACTIVE ITEMS	17
Overview	17
Recording	17
Stocktakes	18
Disposal	18
NON-CURRENT PHYSICAL ASSETS	20
Overview	20
Identification	20
Acquisition	21
Asset Construction	21
Acquisition of Land	21
Asset Acquisitions ≥ \$1M	21
Trade-Ins and Acquisitions	22
Enhancements	22
Recognition	22
Valuation	23
Valuation on Acquisition	23
Recording	23
Safeguarding and Use	24
Improvements, Repairs and Maintenance	24
Major Repairs and Significant Improvements	24
Routine Repairs and Maintenance	25
Depreciation	25
Revaluation	26
Stocktakes	27
Disposal	28
LIBRARY	30
Overview	30
Library Expenses	30

Contents

Valuation and Disclosure	30
Security	31
<u>INTANGIBLES</u>	<u>32</u>
Policy	32
Overview	32
Recording, Disclosure and Review	32
<u>SYSTEMS, SECURITY AND CONTROL</u>	<u>33</u>
Overview	33
General	33

General Policy

POLICY



Assets of the Statutory Body are to be promptly identified and recorded in the records of the Body.

Assets are to be acquired, used and disposed of in the most effective and efficient manner for the Statutory Body.

The existence of assets is to be verified at least annually during a stocktake and an appropriate reconciliation is to be carried out.

Assets are to be protected from misuse and loss through the application of adequate controls, including appropriate segregation of duties.

The requirements of the applicable Accounting Standards and Financial Management Standards in relation to the recording and disclosure of assets are to be complied with in all material respects.

OVERVIEW

In strict accounting terms, an asset is defined as future economic benefits controlled by a Statutory Body as a result of past transactions or other past events.

Stated more simply, the first characteristic of an asset is that it is not just an object but is something that can provide a service or future monetary benefit.

For example, a motor vehicle is an asset not because it is a motor vehicle, but because it can provide future economic benefit in the form of transport. Similarly, accounts receivable are an asset not because they are a right, but because they represent future benefits in the form of cash inflows. Cash is an asset because it represents future benefits in the form of purchasing power.

The second characteristic of an asset is control. This means that the Statutory Body must have the capacity to benefit from the asset and to deny or regulate the access of others to that benefit. This control usually results from legal ownership.

The third characteristic of an asset is that an event or transaction has to have occurred. This means access to and control over the asset have already been obtained. Such events or transactions include a purchase, internal development, design and production activity.

Assets are classified as either current or non-current in the Statutory Body's financial statements:

- Current assets include cash and other assets that are expected to be converted to cash, sold or consumed within 12 months of the last reporting period.

General Policy

- Non-current assets are those assets that are not expected to be converted to cash, sold or consumed within 12 months of the last reporting period.

Broad categories of *current assets* are:

- **Cash.** Includes money and any medium of exchange that a bank accepts at face value. Cash includes notes, coins, cheques and/or money orders.
- **Receivables.** Includes all debtors owing monies to the organisation as the result of:
 - the sale of goods or services on credit
 - overpayments of salaries, wages and allowances
 - outstanding advances of allowances.
- **Investments.** Includes assets held by a Statutory Body for the generation of income such as dividends, interest and rentals.
- **Prepayments.** Includes all expenses that have been paid for in advance (i.e. before receiving the goods or services).
- **Inventories.** Includes all goods held for resale or donation and bulk consumable stores of a material value used in the production of goods and provision of services.

Broad categories of *non-current assets* are:

- **Physical assets.** Includes all land, buildings, motor vehicles, property, plant and equipment.
- **Loans and Advances.** Amounts that a Statutory Body provides on loan.
- **Library.** Includes the books, publications, audio-visual materials and other reference material held in a Statutory Body's library.

Assets are to be recognised in the financial statements when they satisfy the following criteria:

- It is probable that future economic benefits embodied in the asset will eventuate
- The Statutory Body has control over the future economic benefits to the extent that it is able to enjoy the benefits and deny or regulate the access of others to those benefits
- The transaction or event enabling the entity to control the future economic benefits has occurred
- The value of the asset is able to be measured reliably.

An asset is to be recognised irrespective of whether it was:

- A gift, donation or bequest
- Purchased or otherwise acquired by the Statutory Body
- Provided by a government entity
- Obtained by other means.

ASSET STRATEGIC PLAN

A Statutory Body must develop a Strategic Plan for assets that covers a period of at least four years. The plan must provide for:

- An analysis of issues that may influence the Statutory Body in its requirements
- An analysis of assets already held in relation to the Statutory Body's needs and those of its customers
- Need for new assets
- Strategies for maintaining an appropriate level of service potential; and
- Strategies for disposing of assets not now required.

The Statutory Body must consult with the Minister in the preparation of the Strategic Plan.

EVALUATIONS OF PHYSICAL ASSET INVESTMENTS

Where a Statutory Body estimates the cost of an investment in a physical asset is in excess of \$1M, a written evaluation must be prepared before making the investment.

The evaluation must comprise:

- Preparation of an approval of all reasonable investment options that would meet the needs of the Statutory Body;
- Selection of the most appropriate and best value for money option; and
- A reassessment of the priority of the investment in relation to other investments that are \$1M or more (as stated in the Strategic Plan).

In accordance with the *Financial Management Standard 1997*, within six months of the end of the financial year the Board must forward to the Treasurer via the Minister details of the evaluations performed in the financial year, and a document detailing the processes and results, where the investment was more than \$5M.

Accountable Advances

Accountable Advances

OVERVIEW

An accountable advance is a sum of money advanced to an officer. This includes advances to:

- A cashier to provide change for amounts tendered for payments made to the Statutory Body by clients
- An accounting officer for use as petty cash to enable purchase of minor items, where the raising of a purchase order would not be cost effective
- Officers before commencing travel on official business or transfer, where the advance is made against allowances or expenses with respect to that travel or transfer (see 'Expenses', in this manual).

An officer receiving or administering an accountable advance shall be responsible for the safe custody and accounting of those monies. Where a loss or deficiency occurs in monies advanced to an officer, that loss or deficiency shall be a debt due to the Crown and may be recovered from the officer.

Accountable advances are classified in two categories:

- Accountable Advances; and
- Imprest Accountable Advances.

ACCOUNTABLE ADVANCES

Acquittal. Accountable advances are required to be acquitted within 14 days of returning from the domestic travel and 60 days of returning from overseas travel. The employee is required to produce receipts to substantiate the expenses incurred and refund any remaining funds.

If an accountable advance was granted to an employee before the initial trip (whether domestic or overseas), a further advance will not be issued to that employee until the outstanding acquittal for a previous accountable advance is settled. An acquittal must be submitted whether or not a balance is payable by or due to an employee, and when the balance is nil.

Claiming for multiple trips. Where an employee claims reimbursement for expenses incurred during more than one trip, a separate Travel Expense voucher must be submitted for each trip.

Reconciliation and follow-up action. The Accountant is responsible for reconciling the Accountable Advances accounts within the General Ledger, and for following up outstanding acquittals on a monthly basis.

IMPREST ACCOUNTS

Establishment. Requests to establish new imprest accounts or vary existing arrangements are to be made to the General Manager.

Accountable Advances

Register. A register of imprest accounts must be maintained. This register should include the following information:

- Type of imprest (petty cash, cash float)
- Location of advance
- Custodian officer responsible for the advance
- Total value of the advance
- Any variations to the value of the advance.

Petty Cash

Reimbursements. The maximum amount for a single petty cash reimbursement is the amount approved and set by the Board of the Statutory Body.

Each claim for petty cash must be supported by original receipts for the purchase, where practicable.

Controls. One officer is delegated the responsibility for the custody, disbursement, recording, balancing and recoupment of the imprest account. Access to the petty cash account shall be restricted to the delegated officer.

Petty cash must be kept secure in a locked strong box retained in the office safe.

Petty cash accountable advances must be recouped no less frequently than monthly, and each recoupment must be verified by an internal check officer. Evidence of this check shall be recorded.

Cash Floats

Reconciliation. At all times, the amount on hand less the monies received must equal the amount of the cash float.

Register. The details of all cash floats issued to officers must be recorded.

Bank Accounts

OVERVIEW

Bank accounts are utilised by a Statutory Body to accommodate receipting and payment functions. The establishment and administration of bank accounts is at the direction of the Board.

Bank reconciliations are the monthly comparisons between the bank account balance as per the bank records and the balance as per the Statutory Body's records.

Unclaimed monies are those funds paid by the Statutory Body that are not claimed by the payee within six months of the issue of the official cheque.

BANKING ARRANGEMENTS

Banking services provider. All bank accounts are to be held with the banking services provider approved by the Statutory Body.

Account name. All bank accounts are to be operated in the name of the Statutory Body. The account title may also incorporate other information that will identify the source of the funds.

Authorities. The Board members of the Statutory Body are responsible for approving the establishment and closure of bank accounts, and for authorising bank account arrangements such as cheque signatories.

Establishment of bank accounts. After obtaining written approval from the Board to open a new bank account, the General Manager is to forward a request to the bank. The account title should be incorporated in the request.

When a new bank account is opened, the bank should provide the required documents, such as cheque books and deposit books.

Closure of bank accounts. After obtaining written approval from the Board to close a bank account, the General Manager is to forward a request to the bank. When a bank account is to be closed, the bank will require instructions for:

- Transferring of any funds remaining in the account
- Redirection of any outstanding cheques and deposits.

CHEQUE SIGNATORIES

Approval. An authorised officer requiring authority to sign cheques drawn on a Statutory Body bank account is to be approved by the Board of that Body. The Board will consider the account for which the authority is required, the period of the authority and the reasons for requiring the authority (including the operational requirement for all cheques drawn by the Statutory Body to be signed by two officers with at least one of those officers being a member of the Board).

Bank Accounts

Two or three members of the Board will be nominated by the committee to be approved as cheque signatories.

Additions. Newly authorised cheque signatories are to complete the appropriate bank forms to identify themselves and lodge their signatures with the bank. When required, the forms will be used by the bank to validate the signatures appearing on presented cheques.

Deletions. When a cheque signatory authority is no longer required, the bank is to be advised to cancel the authority.

Encashment authorities. Statutory Body officers who require authority to open cheques for encashment are required to lodge their signature with the bank branch from which the cash is to be obtained. The General Manager must give permission for an officer of the Statutory Body to be authorised to open cheques for encashment.

USE OF BANK ACCOUNTS

Collections. All monies collected or received by the Statutory Body are to be promptly credited to a Statutory Body bank account.

Expenses. Monies are to be paid from a Statutory Body bank account only when the expenditure is in accordance with approved policies and practices, and is for the purposes for which it was authorised by a financial delegate. In the case of grant monies, the expenditure must also be in accordance with the purpose, terms and conditions of the grant.

Separation of bank accounts. A Statutory Body may elect to have separate bank accounts to be used for day-to-day business operations (e.g. Business Working Account) and investments. The investment account separately identifies flows and balances of investments held in the name of the Statutory Body.

BANK RECONCILIATIONS

Objectives. The objectives of a bank reconciliation are:

- To ensure that all cash transactions (payments and receipts) have been accounted for
- To confirm that the bank's records are correct
- To verify that the records of the Statutory Body are correct.

Timing. Bank reconciliations are to be prepared by an authorised officer at least monthly. Unless otherwise specified, the reconciliation should be completed within two weeks of the end of the period.

Reconciling items. Using the bank records (bank statements, cheque presentation lists) and the records from the accounting system, reconciling items are to be identified and recorded in the bank reconciliation statement. Such items include:

- Items recorded by the Statutory Body but not by the bank (e.g. outstanding deposits, deposits in transit, outstanding cheques)
- Items recorded by the bank but not by the Statutory Body (e.g. direct deposits, bank fees, interest earned).

Bank Accounts

Bank reconciliation statement. The bank reconciliation is to identify the opening balance of the bank account, transactions during the period and the closing balance. Where necessary, reconciling items are to be included to bring into balance the Statutory Body's records and the bank's records. The statement is to be certified by the nominated officer and a checking officer.

Further action. Any further action identified as a result of the bank reconciliation process is to be promptly instigated by the Accountant. Such action may include:

- Adjustments to the transactions recorded in the accounting system (e.g. re-coding)
- Advice to the bank of book and computational errors that require adjustment (e.g. incorrect debits or credits to the account).

UNPRESENTED CHEQUES AND UNCLAIMED MONIES

Contacting the payee. When a cheque drawn by the Statutory Body has not been presented in a timely manner, attempts are to be made to contact the payee and secure presentation of the cheque.

Cheque cancellation. When a cheque remains unpresented six months after the issue date and attempts to secure presentation of the cheque have been unsuccessful, a stop payment is to be placed on the cheque before it is cancelled and the accounting system is updated (see 'Cheques', in this manual). The funds will remain in the same account from which they were to be drawn.

Records. For audit purposes and in case the payee initiates contact with the Statutory Body in the future, records are to be maintained of unclaimed monies where the cheque has been cancelled.

Subsequent claim. If the payee initiates contact with the Statutory Body after the cheque for the unclaimed monies has been cancelled, they are required to submit a new claim for payment. The claim is to be matched to the original payment documentation but will require re-approval by an appropriate financial delegate.

Debtors

OVERVIEW

Debtors are persons or entities who owe monies to the Statutory Body.

Trade debtors are those with debts arising from the sale of goods or services on a credit basis (i.e. the Statutory Body raises an invoice for an approved debtor in accordance with a formal credit policy, and payment or payment in full has not been received).

Sundry debtors are those with debts that occur once or otherwise infrequently and/or are not incurred on a continuing basis. Sundry debts include:

- Employee debts arising from overpayments of salaries, wages, allowances and other expenses
- Once only credit sales of goods or services to debtors who have not been approved as trade debtors
- Overpayment or duplicate payment of a supplier's account or invoice.

GENERAL POLICY

- All accounts receivable will be promptly recognised and recorded in the Statutory Body's accounting system and invoices will be issued promptly to all debtors.
- Appropriate follow-up action will be taken to maximise the collection of all outstanding accounts receivable. Bad debts that prove to be irrecoverable are to be written off as losses.
- A specific doubtful debt should be provided for once the Statutory Body ascertains that the recovery of the debt is questionable.

DEBTOR CONTROL

Authorised officer. The control over debtors should be maintained by an authorised officer who is responsible for:

- Implementing and enforcing any credit policy in place for the debtor system
- Raising and issuing invoices, accounts or notices in accordance with procedures specified for each debtor system
- Following-up overdue debts in accordance with procedures developed for each debtors system and, where appropriate, instigating legal proceedings for recovery
- Taking action to write off irrecoverable debts
- Providing management reports and information in respect to debtors.

Credit Policy. The policy in regard to the sale of goods and services is to request payment before or at the time of delivery. However, this may not be possible for all transactions.

It is important that credit is provided selectively to customers who are willing and able to pay their debts in accordance with allowed credit terms. Accounts receivable must be efficiently managed to limit the risk and exposure of loss to the Statutory Body.

Credit will be provided at the discretion of the Statutory Body and may be refused where adequate identification is not supplied by the customer, or invoices previously issued to the customer were declared bad or doubtful.

DEBTOR ADMINISTRATION

Incorrect invoices. When invoices have been raised in error or printed with incorrect details, and are detected before being issued to the debtor, they are to be cancelled.

If errors are identified after the issue of an invoice, a credit note is to be raised to reverse the invoice debt. Where applicable, an amended debit note can then be raised.

Trial balance. Each month, an aged trial balance (by customer) is to be prepared so as to:

- Identify receivables that have not been paid within the agreed credit terms and require follow-up action
- Assist in identifying receivable balances that may require a doubtful debt provision be raised.

Overdue Debts. A debit note is *outstanding* from the time that it is issued until payment is received. That debit note only becomes *overdue* if payment has not been received within the credit terms (e.g. 30 days of the invoice date) or by an agreed date.

Regular follow-up action will be taken for an overdue account receivable by the officer responsible for debt management.

Further credit will not be extended to a trade debtor with an overdue account receivable that remains outstanding in excess of the agreed credit terms, unless otherwise approved by the Accountant or other delegated officer.

The following process should be observed in following up overdue debts:

- The officer responsible for debt management is to initiate contact with the debtor, reminding the debtor of the Statutory Body's credit terms and requesting immediate payment.
- For accounts overdue for more than 30 days, a formal letter requesting payment is to be sent to the debtor
- All accounts overdue for more than 60 days are to be referred to the General Manager for further action. Such action may include a letter of demand, withdrawal of credit or instigation of legal proceedings.

Bad and Doubtful Debts. A specific doubtful debt should be provided for once the Statutory Body ascertains that the recovery of the debt is questionable. At the end of each quarter, the officer responsible for debt management is to prepare a list of all doubtful debts for which specific provision should be made. This list is to be forwarded to the Accountant.

Write off of a bad debt should not occur until all efforts to recover the debt have been exhausted and the debt is deemed unable to be recovered. Should a doubtful debt prove to be a bad debt (i.e. the debt is unable to be recovered), it should be formally written off as a loss in accordance with the Instrument of Delegations.

A request to write off a bad debt is to be forwarded to the Accountant. The request is to include:

- Details of attempts that have been made to recoup the outstanding amount
- Amount of the overdue account
- Whether a dispute exists in relation to the account and, if so, the details of that dispute
- Whether the write off relates to a failure of an officer to collect monies, or was outside the direct control of the Statutory Body.

The formal write off process for bad debts is to be conducted at six-monthly intervals.

Where a bad debt that has been written off is subsequently recovered, the cash transaction is to be recorded on the bank account and the appropriate revenue account. The payment received from the debtor is to be receipted and recorded.

Prepayments

OVERVIEW

A prepayment is the part or full payment to a supplier for the provision of goods or services *before* the Statutory Body receives those goods or services.

Examples of instances where prepayments are most commonly sought are:

- Purchases of library books
- Mail order purchases
- Conference or course attendance fees
- Purchases of publications and Acts.

Wherever possible, prepayments are to be avoided due to the inability to ensure the quality of goods or services before the payment of monies and the difficulty in securing refunds.

PAYMENT

Approval. Before approving prepayments, the financial delegate must investigate the purchase terms and conditions to ensure that the interests of the Statutory Body are addressed. Considerations include:

- A guaranteed delivery or completion date
- Refund conditions (e.g. full or part refund upon cancellation of conference attendance)
- A nil price variance so that further charges cannot be incurred between the time of payment and delivery
- Quality assurance guarantee (e.g. whether goods can be returned if they are not of a satisfactory standard).

Processing. Prepayments must be supported by a supplier's invoice for the prepayment amount and a completed and certified Expenditure Form. After drawing a cheque, the accounting system is to be updated with the payment details. See 'Trade Creditors', in this manual.

Register. All prepayments are to be recorded in a prepayments register so that receipt of the goods or services can be confirmed at a later date. The details to be recorded are:

- Payment details (date, amount, supplier's invoice reference)
- Supplier details (name, address, telephone)
- Due date for supply.

Prepayments

CONFIRMATION OF GOODS/SERVICES RECEIVED

Receipt of goods or services. When prepaid goods or services have been received, the authorised officer of the Statutory Body is to record the date of receipt and whether the goods or services are satisfactory against the corresponding entry in the prepayments register.

Monthly review. At least monthly, the Accountant or other authorised officer is to review the entries in the prepayments register. Those entries that show that the due date for supply has passed and receipt of goods or services has not yet been acknowledged are to be further investigated.

Investigations should include liaison with the officer who ordered the goods or services and the supplier. The outcomes of the investigation are to be recorded against the corresponding entry in the prepayments register.

Inventories

OVERVIEW

Inventories are stocks of goods owned by the Statutory Body that are held for resale or donation. Examples include promotional items, rule and stud books, and the like.

If a Statutory Body does not have any bulk consumable stores (e.g. stationery stores) that are of a material value, these items are not considered to be inventories and are expensed in the current period.

RECEIPT AND RECORDING

Inspection. Upon receipt of inventory items, the stock is to be inspected for quality and reconciled with the purchase request or other documentation (e.g. the supplier's delivery docket or invoice).

Stock record. A record of the stock received is to be maintained. This record is to be updated with all stock movements (issues, returns and write-offs) so the Statutory Body is able to verify the stock on hand with the stock record at all times.

STORAGE AND ACCESS

Storage. All inventories are to be held in secure storage appropriate to the nature and value of the inventory. The storage facilities are to protect the inventory from theft, damage and decay.

Access. Access to an inventory store is to be restricted to authorised persons. When not in use, the store is to remain locked.

ISSUE

Sales. When inventory is sold, the monies received are to be receipted and credited to the appropriate account by recording the transaction in the accounting system.

Donations. Complimentary issues of saleable inventory is to be approved by the General Manager or Board. Such issues are to be considered as no-cost transactions (not as losses).

Returns. When saleable inventory is returned after sale, it is to be inspected. Where the inventory item has been returned because of damage, replacement stock is to be issued at no further cost to the customer. When the item is not to be replaced, a refund is to be issued to the customer.

Stock record update. The sale, complimentary issue and return of inventory items are to be recorded in the stock records.

STOCKTAKE

Timing. To verify the accuracy of the stock record, a physical count of the inventory items on hand is to be conducted at least annually.

Conducting the stocktake. The stocktake of inventory items is to be conducted by two officers of the Statutory Body, one of whom should not have duties directly relating to the inventory. The second officer may be familiar with the items being counted.

The officers conducting the stocktake are to physically count the stock on hand and assess the condition of the inventory.

Discrepancies. Discrepancies between the stocktake outcomes and the stock record are to be investigated and resolved.

Losses. Inventory items that have been damaged, have physically deteriorated, are obsolete or cannot be located are to be written off (see 'Losses', in this manual).

Stocktake report. A report of the outcomes of the stocktake of inventory is to be prepared, certified by the stocktaking officers and submitted to the General Manager. This report and all supporting documentation relating to the stocktake are to be retained on file.

Stock record update. As a result of the stocktake outcomes, the stock record is to be adjusted accordingly for:

- Stock that cannot be located, is damaged or is obsolete and has been written-off
- Additional stock located through the stocktake process.

VALUATION

Timing. Inventories are to be valued at each stocktake and the balance reconciled with the accounting records. The accounting records are to be updated to record any increment or decrement in the value of inventories.

Method of valuation. Inventories are to be valued at the lower of:

- Cost (the total cost of manufacturing or purchasing the item plus any other costs directly attributable to acquiring the items and bringing them to their present location and condition); or
- Net realisable value (the estimated proceeds of sale less, if applicable, the costs of sale such as marketing, advertising and distribution).

Losses. Where the value of inventory is written-down below the average cost, it is to be regarded as a loss and written-off accordingly (see 'Losses', in this manual).

Investments

Overview

Investments are assets held by the Statutory Body for the generation of income such as interest, dividends and rentals, but do not include assets used in the operation of the Statutory Body.

Investments are assets that may have current and non-current components.

All investments will be identified and correctly authorised in accordance with the relevant legislation governing Statutory Bodies.

Investments must be properly recorded in the accounting records of the entity, and disclosed in the financial statements and quarterly performance reports.

AUTHORITY

All Boards governed by the *Racing and Betting Act 1980* are classified as Statutory Bodies under the *Statutory Bodies Financial Arrangements Act 1982*. This Act states the powers of the Statutory Bodies to enter into financial arrangements.

The investment powers of the Statutory Body must be approved by the Treasurer, as detailed in the Act and the Statutory Bodies Financial Arrangements Regulation 1997.

CONTROLS

Management. Controls must be in place to ensure investments are correctly managed and recorded.

Formal approval for movement of these investments, given by the Board governing the Statutory Body, must be signed before action being completed. The approval is to be recorded in the Minutes of the Board Meeting.

Interest earned. Interest earned on investments must be promptly recorded in the General Ledger.

Register. All investments and movements of investments are to be recorded in an investments register that is maintained by the Accountant.

At a minimum, the investments register must contain the following information:

- Date of investment
- Name of investment
- Value
- Term
- Interest rate
- Interest calculated
- Interest received.

Portable and Attractive Items

Portable and Attractive Items

OVERVIEW

Certain types of assets that have values below the non-current physical asset recording threshold approved by the Board of the Statutory Body are, by their size and appeal, highly susceptible to theft or loss. Such assets, known as portable and attractive items, need to be identified and recorded as part of the internal control system in order to reduce the risk of loss.

RECORDING

Identification. An asset is to be identified as a portable and attractive item where it has a value of less than the capitalisation threshold prescribed by the Board of the Statutory Body, and it is considered to be highly susceptible to theft or loss because of its size, nature and appeal. Examples include:

- Photographic equipment and cameras
- Mobile telephones
- Audio visual equipment (including televisions and video recorders)
- Artwork
- Office equipment (telephones, facsimiles, microwave ovens)
- Specialised computer software
- Electronic calculators and other sundry office resources.

Other items not listed above may be added if considered necessary.

All computer equipment and accessories (hard drives, monitors, keyboards, printers, modems and so on) should be recorded as non-current physical assets, regardless of their value

Register. A register is to be used to record the following details of all portable and attractive items:

- Description of the item
- Serial number (if applicable)
- Model/brand name
- Cost
- Physical location
- Record of transfers
- Record of disposal.

The acquisition, transfer and disposal of a portable and attractive item are to be promptly recorded in the register by an authorised officer.

Portable and Attractive Items

STOCKTAKES

Timing. To verify the accuracy of the portable and attractive items register, a physical verification of portable and attractive items is to be conducted at least annually. An authorised officer is responsible for preparing a stocktake list from the portable and attractive items register.

Conducting the stocktake. The stocktake of portable and attractive items is to be conducted by two officers of the Statutory Body, one of whom should not have duties directly relating to the maintenance of the items and associated records. The second officer may be familiar with the items being counted.

The officers conducting the stocktake are to physically identify each portable and attractive item on hand, record its working condition, and compare the stocktake outcome with the register details.

Discrepancies. Discrepancies between the stocktake outcomes and the register details are to be investigated by the stocktaking officers and resolved.

Losses. Portable and attractive items that have been damaged, have physically deteriorated, are obsolete or cannot be located are to be written off (see 'Losses', in this manual).

Stocktake report. A report of the outcomes of the stocktake of portable and attractive items is to be prepared, certified by the stocktaking officers and submitted to the General Manager. This report and all supporting documentation relating to the stocktake are to be retained on file.

Register update. As a result of the stocktake outcomes, the portable and attractive items register is to be adjusted accordingly for:

- Items that have been written-off
- Additional items located through the stocktake process
- Movements (transfers, disposals) that have been identified during the stocktake but have not been recorded in the register.

DISPOSAL

Approval. Portable and attractive items that are no longer required, have been damaged or broken or have reached the end of their useful life are to be disposed of with the authority of the General Manager.

Methods. Methods of disposal include:

- Advertisement for sale in other publication (e.g. Local newspaper)
- Public auction
- Scrapping or recycling
- Dumping
- Any other appropriate method approved by the General Manager.

Portable and Attractive Items

Proceeds. Where the disposal of a portable and attractive item results in the Statutory Body receiving proceeds from sale, the monies are to be receipted and banked. The allocation of the proceeds is to be approved by the General Manager, but will generally represent a credit to the account from which the item was originally purchased.

Recording. The details of the disposal (approval, method, proceeds and date) are to be recorded in the portable and attractive items register. The supporting documentation (e.g. written approval) is to be retained on file for audit purposes.

Non-Current Physical Assets

Non-Current Physical Assets

OVERVIEW

The value and nature of the Statutory Body's investment in non-current physical assets, and the requirements of funding bodies, require additional accountabilities and responsibilities concerning their use and control. This policy provides guidance in the following respects of non-current physical assets owned by Statutory Bodies:

- Identification
- Acquisition
- Recognition
- Valuation
- Recording
- Safeguarding and use
- Improvements, repairs and maintenance
- Depreciation
- Revaluation
- Stocktakes
- Disposal.

IDENTIFICATION

Criteria. An item will be identified as a non-current physical asset (or 'fixed asset') where it:

- Satisfies the asset recognition criteria stated in 'Assets: General Policy', in this manual; and
- Has an individual value equal to or exceeding the threshold prescribed by the Board governing the Statutory Body (except computer equipment which should be recorded regardless of value)
NB. The Financial Management Standard 1997 sets a maximum threshold for any agency of \$20,000; and
- Has an expected useful life exceeding 12 months; and
- Has an independent existence and is functionally complete.

Items costing less than the prescribed threshold (excluding computer equipment) are not to be recorded as non-current physical assets. These items may be recorded as portable and attractive items (see 'Portable and Attractive Items', in this manual).

Examples. Examples of non-current physical assets are:

- Motor vehicles and other forms of transport

Non-Current Physical Assets

- Computer equipment
- Plant and equipment.

ACQUISITION

Approval. Approval to acquire a non-current physical asset must be obtained from an appropriate financial delegate prior to acquisition. The financial delegation is to be based on the gross purchase price (including all incidental purchase costs such as freight, duties, taxes and installation charges).

Methods. Non-current physical assets may be acquired by the following methods:

- Placement of orders with suppliers
- Donations, transfers or gifts to the Statutory Body.

For further information regarding general purchasing principles, the procurement process and special conditions, see 'Purchasing', in this manual.

Asset Construction

Costs. When a Statutory Body constructs an asset for its own use, the cost of acquisition includes all expenditures incurred directly for construction such as labour, materials and insurance premiums paid during construction. The cost of buildings also includes architectural fees, engineering fees, building permits and excavation for the foundations.

Capitalisation. Costs incurred in the construction of an asset are to be charged to the appropriate capital works in progress account, capitalised as follows:

- Costs that relate directly to the construction of an asset (direct labour and material costs, depreciation of non-current physical assets used in construction, set-up costs)
- Costs that are attributable to the construction activity and are able to be allocated on a reasonable basis to specific assets (insurance, design and technical costs, project overheads, financing costs).

Acquisition of Land

Cost. The cost of land includes the price paid to the seller plus the agent's commission and other necessary expenditure such as title search and survey fees.

Costs incurred to bring the land into condition for its intended use are also included. Such costs include costs for removal of old building, accrued rates and taxes, etc.

Asset Acquisitions ≥ \$1M

Evaluation. If it is expected that an investment in a non-current physical asset is expected to be \$1 million or more, a written evaluation must be performed. The evaluation should contain:

- An appraisal of all reasonable options that would meet the needs of the Statutory Body

Non-Current Physical Assets

- Prioritisation of the investment in the asset in relation to other physical assets that are \$1 million or more, in accordance with the Statutory Body's Physical Assets Strategic Plan
- Evidence that the option representing the best value for money has been chosen
- A review of the completed assets and comparison of the actual performance of the asset with the original objectives in acquiring the asset.

Trade-Ins and Acquisitions

Separation of transactions. Where a trade-in is involved in the acquisition of an asset, the disposal of the asset through trade-in is to be regarded as a separate transaction to the acquisition of the new asset. Authorisation requirements for each transaction are to be adhered to.

Recording. The new asset is to be added to the asset register at its acquisition cost (cash price paid plus trade-in allowance on the old asset). The old asset that has been traded is to be retired with proceeds equal to the trade-in amount.

Enhancements

Conditions. Enhancements are to be capitalised where:

- The enhancement produces an effective increase of capacity or efficiency in the present or planned service capacity of the asset, and the increase in capacity will be utilised; or
- The work increases the value of the asset; or
- The quality of the asset's service is effectively increased; or
- The enhancement effectively extends the useful life of the asset; *and*
- The cost of the enhancement exceeds the capitalisation threshold for the asset type.

Capitalisation. An enhancement is to be capitalised in either of the following ways:

- Where the enhancement becomes an integral part of the asset, the written-down value of the existing asset is to be increased; or
- Where the enhancement retains a separate identity that can be used after the existing asset is disposed of, it is to be capitalised independently of the existing asset.

RECOGNITION

Date of acquisition. The date of a non-current physical asset's acquisition, and therefore the date from which the item is to be recognised as a non-current physical asset of the Statutory Body, is the date on which control over the service potential or future economic benefits embodied in the asset passes to the Statutory Body.

Where the Statutory Body has purchased the asset, this date will be the date of delivery unless otherwise specified in the purchase contract (e.g. date of payment). Where the Statutory Body has acquired the asset by other means, the acquisition date will be the date of the gift, donation or transfer to the Statutory Body.

Non-Current Physical Assets

Value. Non-current physical assets will be recognised at their assigned value (see ‘Valuation’, following).

VALUATION

Method. Non-current assets are recorded at deprival value, in accordance with Queensland Treasury Guidelines. Under this method, assets must be valued at the amount that represents the entire loss that would be expected to be incurred if the Statutory Body was deprived of the asset.

In revaluing its non-current physical assets, the Statutory Body must:

- Set an amount (determined by the Board) as the threshold for each class of non-current physical assets (the “**revaluation threshold amount**”); and
- Comprehensively revalue (at least once every five years) and otherwise revalue (at least annually between comprehensive revaluations) the assets in each class that - (i) are more than the revaluation threshold for the class; and (ii) have a useful life of more than 3 years.

NB: The Financial Management Standard 1997 currently sets a maximum revaluation threshold of \$1M.

The critical test in applying the deprival value methodology to the valuation and revaluation of assets is whether the asset would be replaced if the entity was deprived of the economic benefits or service potential that it provides.

Valuation on Acquisition

Acquisition at cost. Assets that come under the control of the Statutory Body within the current financial year should generally be recognised at the cost of acquisition. The cost is to include all expenses incidental to the purchase and necessary to have the asset ready for use.

Acquisition at other than fair value. Where an asset is acquired by gift, donation, bequest, subsidised purchase or compulsory acquisition, and is acquired at less than fair value, it must be valued at its fair value provided that it would have been acquired if it had not been received at below fair value.

Acquisition at no cost. Where an asset is acquired at no cost, it is to be recognised at its fair value.

RECORDING

General ledger. Non-current physical assets are to be immediately recorded in the General Ledger of the Statutory Body.

Register. The following details of each non-current physical asset are to be recorded in the non-current physical asset register:

- Asset identification number (allocated by the Statutory Body)
- Description of the item
- Serial number (if applicable)
- Model/brand name

Non-Current Physical Assets

- Date of acquisition
- Original cost or other assigned value on acquisition
- Revalued amount (when applicable)
- Physical location
- Estimated useful life
- Depreciation rate and written-down value
- Record of transfers
- Record of disposal.

The acquisition, transfer and disposal of a non-current physical asset are to be promptly recorded in the register by an authorised officer.

SAFEGUARDING AND USE

Markings. Immediately upon receipt of a non-current physical asset, it is to be marked as the property of the Statutory Body. In addition, a unique asset identification number is to be marked on the item (these numbers are sequentially allocated).

Storage. At all times, non-current physical assets are to be properly stored and protected from deterioration, destruction, theft and loss.

Private use. The Statutory Body's non-current physical assets may be used for private purposes only with the written authorisation of the General Manager or Board.

When private use of a non-current physical asset has been approved, the details of the use, approval, location of the item and duration of the private use period are to be recorded in the register. The authorised officer must ensure that the asset is returned by the required date in a similar condition to when it was issued.

Unauthorised use. When an employee is found to have used a non-current physical asset for private purposes without written authorisation to do so, or when any unauthorised use off assets has occurred, the employee is potentially liable for damage, destruction or loss of the asset.

The General Manager and Board are responsible for deciding an appropriate course of action when unauthorised use has occurred.

IMPROVEMENTS, REPAIRS AND MAINTENANCE

Major Repairs and Significant Improvements

Approval. When approving major repairs or significant improvements to existing non-current physical assets, the financial delegate must consider:

- Cost of a replacement asset
- Age of the existing asset and compare this to the efficiency of a replacement asset

Non-Current Physical Assets

- Time and human resources involved in completing the repair or improvement.

Capitalising costs. Expenditure for major repairs and additions, extensions or other improvements made to an existing non-current physical asset that is material in amount and that results in an increase in the service capacity of the asset or extends its useful life is to be capitalised.

The value of the repairs or improvements is to be added to the value of the existing asset and its useful life is to be reassessed. The details are to be recorded in the non-current physical assets register.

Enhancements. The value of enhancements is to be added to the acquisition cost of the existing asset when the following criteria are met:

- The enhancement produces an effective increase in capacity or efficiency in the present or planned service capacity of the asset which will be utilised; or
- The enhancement increases the value of the asset; or
- The enhancement produces an effective increase in the quality of the asset's service; or
- The enhancement effectively extends the useful life of the asset; and
- The cost of the enhancement exceeds the capitalisation threshold for the type of asset.

The details in the non-current physical assets register are to be updated with the additional costs, the asset revalued where necessary, and the asset depreciated at the revised rate. The costs incurred in revaluing the asset are not to be added to the purchase costs.

Routine Repairs and Maintenance

Expensing costs. Expenditure on non-current physical assets for routine repairs (resulting from normal wear and tear) and maintenance that is of a regular, on-going nature (and is considered normal and anticipated) is to be expensed in the current period.

Maintenance expenditure is incurred to ensure that the asset continues to provide its predetermined service capacity and quality, and it achieves its useful life.

DEPRECIATION

Description. Depreciation is the accounting process whereby the limited useful life of a non-current physical asset is recognised in the Statutory Body's accounting records. It is the steady cost to the Statutory Body of the decline in service potential of a non-current physical asset over the period during which it gives benefit to the Statutory Body.

Such recognition is necessary to ensure that the value of non-current physical assets is not overstated and an accurate representation of the cost of operations is obtained and reflected in the Statutory Body's financial statements.

Non-Current Physical Assets

Commencement date. Depreciation charges are to be made from the date of acquisition (see Acquisition, previously in this section), i.e. when the non-current physical asset is first put to use or held ready for use by the Statutory Body.

Depreciation charge. The depreciable amount of a non-current physical asset is to be progressively brought to account in the profit and loss account by means of depreciation charges. The depreciation charge in respect of an asset is dependent on the following:

- **Depreciation method.** Two methods of depreciation may be used, depending on an asset's useful life (see following) or the depreciation rate as per the *Australian Taxation Act*:
 - straight line method – allocates an equal amount of depreciation to each period of the asset's useful life
 - reducing balance method – results in a decreasing depreciation charge over the useful life of the asset.

The depreciation method used is to be consistently applied across reporting periods. Any change in the depreciation method used is to be disclosed in the notes to the financial statements.

- **Useful life.** The useful life of a non-current physical asset is the amount of time, usage or production capacity (whichever of these appears to be the most accurate measure of the asset's useful life) for which the asset is expected to perform under normal operating and maintenance conditions.

The useful lives of non-current physical assets and the associated depreciation rates may be determined by the Statutory Body (considering factors such as the nature of asset usage and the rate of technical or commercial obsolescence).

- **Salvage value.** Salvage values are required for all non-current physical assets that are expected to have a value at the end of their useful lives or pre-determined disposal dates.

Improvements to existing depreciable assets. Any additions, extensions or other improvements to an existing depreciable asset that become an integral part of the asset are to be depreciated over the remaining useful life of that asset.

Any additions, extensions or other improvements to an existing depreciable asset that retain a separate identity and are capable of being used after the original asset is disposed of are to be depreciated independently of the existing asset. Depreciation will be on the basis of the useful life of the improvements.

Revaluation of depreciable assets. From the date of revaluation of a non-current physical asset (see 'Revaluation', following), any resulting increment or decrement is to be taken into account in determining the depreciable amount of an asset. Depreciation charges subsequent to a revaluation are to be based on the revalued amount.

Disposal of depreciable assets. When a depreciable asset is disposed of, the difference between the value of the asset (original cost or revalued amount) and its accumulated depreciation is to be brought to account in the profit and loss account at the date of disposal. See also 'Disposal', following.

REVALUATION

Purpose. The purpose of revaluing non-current physical assets (individually or by class) is to show:

- A more realistic value of the non-current physical assets owned by the Statutory Body

Non-Current Physical Assets

- That the costs associated with the use of the Statutory Body's non-current physical assets reflect the true cost of using all assets (through depreciation charges – see 'Depreciation', previously in this section).

Timing. In revaluing its assets, the Statutory Body must have approved a threshold amount for each class of non-current assets (not more than \$1M), and:

- Comprehensively revalue (at least once every five years); and
- Otherwise revalue (at least annually between comprehensive revaluations) the assets in each class that are more than the threshold limit for that class and have a useful life of more than three years.

When a revaluation is considered necessary, it is to be performed by an authorised officer with suitable knowledge and experience or, for specialised services, a registered valuer or other valuation expert may be engaged.

Where it is considered appropriate to engage an independent valuer, the engagement shall be made in accordance with the Queensland Government's State Purchasing Policy.

Transactions. Revaluations will result in an increase in the written down (depreciated) value of some non-current physical assets (a revaluation *increment*) and a decrease in that of others (a revaluation *decrement*).

When a non-current physical asset is revalued, any accumulated depreciation in respect of that asset immediately prior to the revaluation is to be credited against the relevant asset account. The asset account is then increased or decreased by the amount of the revaluation increment or decrement.

The useful life and, where applicable, salvage value of a revalued asset are to be re-estimated for the purpose of setting the new rate of depreciation.

Register. The revaluation of assets is to be recorded in the Statutory Body's non-current physical assets register.

Disclosure. In the Statutory Body's financial statements, the following disclosures are to be made regarding any assets that have been revalued:

- Reporting period in which the asset was revalued
- Basis of the revaluation
- Statutory Body's revaluation policy and whether the revaluation of the asset occurred in accordance with this policy.
- Date of revaluation
- Qualifications of the Valuer

STOCKTAKES

Objective. The objective of the annual stocktake of non-current physical assets is to ensure:

- All assets are properly recorded in the Statutory Body's non-current physical assets register
- All assets are valued at cost or their depreciated amount

Non-Current Physical Assets

- Management has reliable information regarding the Statutory Body's investment in non-current physical assets.

Timing. A physical verification of non-current physical assets is to be conducted at least annually. An authorised officer is responsible for preparing a stocktake list from the non-current physical assets register.

Conducting the stocktake. The stocktake of non-current physical assets is to be conducted by two officers of the Statutory Body, one of whom should not have duties directly relating to the maintenance of the assets and associated records. The second officer may be familiar with the assets being counted.

The officers conducting the stocktake are to physically identify each non-current physical asset on hand, record its working condition, and compare the stocktake outcome with the register details.

Discrepancies. Discrepancies between the stocktake outcomes and the register details are to be investigated by the stocktaking officers and resolved.

Losses. Non-current physical assets that have been damaged, have physically deteriorated, are obsolete or cannot be located are to be written off (see 'Losses', in this manual).

Stocktake report. A report of the outcomes of the stocktake of non-current physical assets is to be prepared, certified by the stocktaking officers and submitted to the General Manager. This report and all supporting documentation relating to the stocktake are to be retained on file.

Register update. As a result of the stocktake outcomes, the non-current physical assets register is to be adjusted accordingly for:

- Assets that have been written-off
- Additional assets located through the stocktake process
- Movements (transfers, disposals) that have been identified during the stocktake but have not been recorded in the register.

DISPOSAL

Approval. Non-current physical assets that are no longer required, have been damaged or broken or have reached the end of their useful life are to be disposed of with the authority of the Board.

Methods. Depending on the value of the non-current physical asset being disposed of and at the discretion of the Board, methods of disposal include:

- Advertisement for sale in other publication (e.g. local newspaper)
- Public auction
- Scrapping or recycling
- Dumping
- Any other appropriate method approved by the Board.

Non-Current Physical Assets

Proceeds. Where the disposal of a non-current physical asset results in the Statutory Body receiving proceeds from sale, the monies are to be receipted and banked. The allocation of the proceeds is to be approved by the General Manager.

Register. The details of the disposal (approval, method, proceeds and date) are to be recorded in the non-current physical assets register. The supporting documentation (e.g. written approval) is to be retained on file for audit purposes.

Library

OVERVIEW

Library materials include:

- Books
- Films
- Periodicals
- Audio visual resources
- Conference papers
- Reports
- Floppy disks
- CD-ROMs
- On-line library databases
- Interactive multimedia
- Other information technology applications.

The activities of the library include purchasing, cataloguing, lending, storing and securing library collections, and publicising research and management information, making it accessible to interested parties (internal and external).

LIBRARY EXPENSES

Payments. Payments for library expenses are to be treated as prescribed in 'Trade Creditors', in this manual. If a prepayment is being made, see 'Prepayments'.

VALUATION AND DISCLOSURE

Valuation method. The value of the a library (including all resources) is to be determined by engaging expert valuers.

As the library may be recognised as a non-current physical asset of the Statutory Body, revaluation may need to be considered annually in accordance with the policies prescribed in 'Non-Current Physical Assets: Revaluation', in this manual. When a revaluation is necessary, it is to be carried out by an officer with suitable knowledge and specialised valuation skills, or an expert valuer.

Disclosure. Where a library is determined to be a non-current asset, a disclosure is to be made in the Statutory Body's annual financial statements. The value of the library less accumulated depreciation is disclosed as a non-current asset.

SECURITY

Arrangements. Arrangements to ensure the security of library materials are to be implemented and must include:

- Restricting unauthorised access to library resources
- Using permanent markings to identify the resources as the property of the Statutory Body
- Registering library resources in a catalogue system upon receipt, and recording their movements and disposal.

Intangibles

POLICY

All intangible assets above the capitalisation threshold established by the Statutory Body are to be identified, properly recorded in the accounting records and amortised over the useful life of the asset.

NB. The Financial Management Standard 19997 sets a maximum threshold of \$50,000.

OVERVIEW

An intangible asset is a non-current asset that is not physical in nature but derives its value from the special rights that possession and use confer to the Statutory Body as owner of the asset. Examples of intangible assets include patents, trademarks, copyrights and brand names.

RECORDING, DISCLOSURE AND REVIEW

Recording. Intangible assets should be recorded in the asset register at their acquisition cost or fair value should an acquisition cost not exist.

Disclosure. Intangible assets must be disclosed in the Annual Financial Statements.

Annual review. All intangible assets should be reviewed annually and, where necessary, revalued.

Systems, Security and Control

Systems, Security and Control

OVERVIEW

The systems, security and internal controls established for assets ensure that:

- Assets are safeguarded
- Fraudulent use or misuse of assets that may result in a loss to the Statutory Body is prevented
- The integrity of Statutory Body activities and financial information is maintained.

Policies and practices for accounting system security and general financial controls (e.g. accounting records, confidentiality) are prescribed in 'Controls', in this manual.

GENERAL

Security. Security of assets will be ensured by:

- Lodging all monies at a bank
- Providing reasonably secured locations for the storage of assets
- Restricting access to authorised personnel
- Prohibiting or, if appropriate, exercising strict control over private use
- Using permanent identification techniques to mark assets as the property of the Statutory Body
- Regularly comparing the asset records with the items on hand through stocktakes.

Segregation of duties. As far as practicable, duties relating to the administration, use and management of the Statutory Body's assets that provide opportunity for misconduct or fraudulent use are to be segregated. For example:

- The duties of collecting monies and banking monies
- Duties involving the administration of inventories and the approval of inventory transactions
- The duties of administering the process of debt collection and the write-off of debts.

Contents

DELEGATIONS	1
Policy	1
Practice	1
ACCOUNTABLE FORMS	3
Overview	3
Security and Control	3
JOURNAL ENTRIES	4
Overview	4
Processing	4
LOSSES	5
Overview	5
Policy	5
Investigation	5
Write-Off	6
CASH MANAGEMENT	8
Overview	8
Controls	8
CONTINGENCIES	9
Overview	9
Policy	9
TAXATION	10
Overview	10
Fringe Benefits Tax (FBT)	10
Pay As You Go Tax (PAYG Tax)	11
Payroll Tax	11
Goods and Services Tax (GST)	11
CONTROLS	14
Overview	14
Internal Control	14
Accounting Systems	15

Contents

Financial Records	15
Confidentiality	16
SYSTEM APPRAISALS	17
Policy	17
Practice	17
INTERNAL AUDIT	18
Overview	18
Role	18
Ancillary Roles	18
Functions	18
Reporting	19
CONFLICTS OF INTEREST	20
Overview	20
Gifts	20
Other Conflicts	21
RISK MANAGEMENT	23
Overview	23
Process	23
Insurance	23
FINANCIAL RECORDS	24
Overview	24
Retention	24
Destruction	25

Delegations

POLICY

A framework of delegations and authorisations within the Statutory Body requires:

- Approval, as determined and stated in the relevant legislation, for positions to exercise the powers, functions and duties. The legislation includes:
 - *Racing and Betting Act 1980* and Regulations.
 - *Financial Administration and Audit Act 1977*
 - *Financial Management Standards 1997*
 - *Statutory Bodies Financial Arrangements Act 1982* and Regulations.
- That delegations and authorisations are made to generic positions.

PRACTICE

Authority. Delegations are made to positions – not individuals. Hence, an officer only has the authority designated to the position that the officer holds for the time being.

Relieving. An officer can exercise a delegation when officially acting in another officer's position.

Variation to existing delegations. Should it be necessary to change an existing delegation, written application for the change shall be made to the Board. The application shall indicate:

- Position requiring a delegation
- Purpose of the delegation
- Current limit of financial delegation (if any)
- Required limit of financial delegation
- Any relevant supporting documentation.

Applications should be submitted to the General Manager for endorsement; and then to the Board for review and approval.

Instrument of Delegations. All current delegations must be documented into an Instrument of Delegations stating clearly details of:

- Relevant authority governing the powers of approval
- Specific financial and administrative areas to which the delegation relates
- Title of position allocated with the delegations
- Authorisation limits of the delegation
- Details of the approval given for the delegation, including date and authority.

MISCELLANEOUS

Delegations

The Instrument of Delegations must be updated for any changes approved by the Board and circulated to all officers holding a delegation. Refer also 'Financial Delegations – Conditions' in the 'Expenses' chapter of this manual.

Purchasing Delegations. Delegations relating to the power to procure goods and services on behalf of the Statutory Body must be distinguished from the financial delegation powers.

A 'purchasing authority' is the authority to approve the purchasing process, in accordance with the State Purchasing Policy of the Queensland Government and associated policies of the Statutory Body, to a particular financial limit and subject to obtaining expenditure authority. The financial limit must be approved by the Board.

A 'purchasing officer' is an accredited officer (according to the State Purchasing Policy) who certifies on the requisition or purchase order that the process complies with the State Purchasing Policy and approved administrative instructions established by the Board.

Accountable Forms

OVERVIEW

Accountable forms are any document that have value or potential value, and that can be used by another party as either evidence of having fulfilled a commitment or to obtain a future benefit.

Examples of accountable forms include:

- Receipt books
- Manual purchase orders
- Manual requisitions
- Manual and system cheques.

SECURITY AND CONTROL

Policy. The Statutory Body will ensure that all accountable forms are held securely, recorded in a register and properly controlled.

Storage and issue. The storage and issue of accountable forms will be strictly controlled and all unused forms will be kept in a secure location.

Accountable forms register. An accountable forms register will be maintained in the Finance area and regular checks will be done by an independent officer to ensure the register's accuracy.

The register will contain the following information:

- Date the forms were received
- Serial numbers and number of forms received
- Date the forms were issued
- Sequence of forms that were issued
- Section to which the forms were issued
- Acknowledgment of receiving the forms.

Journal Entries

OVERVIEW

Journal entries adjust information recorded in the Statutory Body's accounting system and are used for:

- Amending or adjusting a transaction previously recorded in the accounting system
- Transferring expenses between account codes
- Recognising direct debit transactions, and bank fees and charges in the bank accounts
- Recording non-cash transactions (e.g. Depreciation)
- Matching expenditure to the correct accounting/reporting periods (e.g. Prepayments, accruals).

Journal entries are not to be used to record the receipt or payment of monies, and must only be initiated and processed by authorised officers.

PROCESSING

Transaction. When a journal entry is required, the authorised officer must ensure that the transaction will have the required effect (e.g. it will reverse a previous incorrect posting and post the transaction correctly). All journal entries are two-sided transactions that will debit one account and credit another.

Record of journal entries. The processing of journal transactions is to be documented through transaction reports generated from the accounting system. The reports are to clearly show the debit and credit transactions comprising the journal entry.

The authorised officer is to ensure that sufficient information is noted on the report to justify the journal entry. The entries should be reviewed for completeness and compliance by the Accountant.

Losses

OVERVIEW

A write-off is the act of reducing to nil a debt that is owed to the Statutory Body or the value of an asset that is owned by the Statutory Body. Losses result in the forfeiture of Statutory Body monies or property and arise as the result of:

- Destruction, condemnation, obsolescence, deterioration, theft of or damage to items of property
- Theft or other loss/shortage of monies
- Irrecoverable overpayments
- Debts written-off
- Waivers of rights to claim
- Expenditure made without lawful authority
- Failure to assess amounts receivable
- Discounts lost.

A loss does not occur in the routine write-off of assets at the end of their useful lives.

POLICY

- Losses and special payments arise from events or transactions outside the ordinary course of business.
- All applications for write-off or loss are to be fully investigated before approval by an appropriately delegated officer.
- Details of all approved write-offs and losses are to be recorded in a Register of Losses.

INVESTIGATION

Notification. In cases of losses, thefts, deficiencies and shortages of monies or items of property, and after determining that a loss has actually been suffered, the circumstances are to be immediately documented and reported to the General Manager. All reasonable action is to be taken to determine the cause of or reason for the loss and, where possible, all recovery action is to be exhausted.

Losses not caused by an offence. Where investigation of a loss reveals that it was not caused by an offence and occurred in the normal course of business, the General Manager is to be advised of the circumstances and the loss is to be written off. The General Manager may wish to take further action where a loss has occurred due to the failure of an employee to fulfil their duties (e.g. secure repayment of some or all of the value of the loss from the employee) or a system deficiency has occurred.

Losses caused by an offence. When a loss appears to have been caused by an offence under the Criminal Code or any other law, the General Manager is responsible for determining the appropriate course of action, including notifying the Queensland Police of the offence.

In cases where official misconduct is suspected, the Board must advise the Criminal Justice Commission and the Auditor-General.

WRITE-OFF

Value. The value of a loss will be determined as either:

- The actual value of monies lost
- The value of debts not recovered
- The depreciated value of an asset, offset by the amount that is recovered through disposal
- Other estimated value where the value of a loss cannot be otherwise determined.

Write-off submission. A submission requesting approval to write-off a loss is to contain the following information:

- Date on which the loss was noted
- Particulars of the loss (e.g. theft, wilful damage)
- Assessed value of the loss
- Cause of the loss
- Names of the person(s) responsible for or who contributed to the loss (if applicable)
- Investigative, recovery and/or prosecution action taken, and the results
- Amount or property recovered, if any
- Corrective action instigated where the loss was the result of a system or process deficiency.

Approval. Write-off and loss approvals must be in accordance with the Instrument of Delegations.

All approvals will be notified and ratified by the Board and recorded in the Minutes of the Board meeting.

When an approved loss consists of several items (e.g. writing off a group of bad debts), each item is to be recorded separately.

The approved write-off submission is to be retained on an official Statutory Body file.

Register of Losses. The Register of Losses must include the following details:

- Description of the property, including its value
- Reason for the loss
- Action taken
- Provision established in anticipation of the type of loss
- Approval details.

Accounting system update. A loss is to be recorded in the accounting system by debiting the value of the loss to the specific losses expense account and crediting the related account (e.g. cash, inventory). See 'Journal Entries', in this manual.

Cash Management

OVERVIEW

Cash management refers to the process of utilising cash to its best advantage and, more specifically, effectively managing cash flowing into and out of Statutory Body bank accounts.

Cash management encompasses numerous areas including collecting, banking, investing, paying and storing cash. These activities are interdependent and must be adequately controlled and managed if the benefits from the investment of cash are to be maximised.

CONTROLS

Internal controls. Adequate internal controls including, where possible, segregation of duties and assignment of responsibilities, are to be in place to ensure the effectiveness of cash management systems and the Statutory Body's accountability for the use of its resources.

Receipt of cash. Controls for the receipt of cash include:

- Collecting and depositing receipts as soon as possible to increase the surplus cash available for investment
- Accurately, completely and promptly recording all transactions involving receipt of cash
- Ensuring that invoices for accounts receivable are promptly raised and dispatched
- Using cost-effective methods of encouraging prompt payment of accounts receivable
- Initiating prompt and effective follow-up action for overdue accounts receivable.

Expenditure of cash. Controls for expenditure of cash include:

- Negotiating payment terms with suppliers and taking advantage of discounts offered
- Ensuring that accounts payable are not remitted before the agreed due date for payment
- Accurately, completely and promptly recording all transactions with respect to the payment of cash.

Contingencies

OVERVIEW

Contingent assets and liabilities are financial obligations either due to the Statutory Body or that may arise in the future, the amount of which cannot be determined with reasonable certainty or where the amount can be determined but whether it is in fact an asset or liability cannot be determined.

POLICY

Systems. The *Financial Management Standard 1997* states that a Statutory Body must develop and implement systems for the management of its contingencies

Reporting. A report should be prepared and submitted to the Board at least quarterly of any contingencies, including:

- Action taken by the agency to identify their service and value
- Recommendation about proposed plans
- Details of any decisions by the Board regarding its contingencies.

Register. A register of contingencies must be maintained, including the following details for each contingency:

- Description
- Value
- The way in which the contingency arose
- Action taken, e.g. to minimise the loss.

Disclosure. Contingent assets and liabilities are to be disclosed as a note in the financial statements when the certainty of the outcome is known.

Taxation

Areas of taxation have been covered briefly in this manual. Statutory Bodies should refer to the relevant Federal and State Government legislation with respect to taxation implications.

OVERVIEW

It is the objective of the taxation policy to ensure that:

- Taxation liabilities are calculated accurately and remitted on-time to the appropriate authorities
- Records are maintained in accordance with the relevant legislation and/or other requirements of taxation authorities.

For the purposes of a Statutory Body, the following types of taxation may apply:

- Fringe Benefits Tax
- PAYG (Income) Tax
- Payroll Tax
- Goods and Services Tax.

FRINGE BENEFITS TAX (FBT)

Definition. FBT is a Federal Government tax on benefits other than salaries, wages or similar payments, that are provided in respect of employment by an employer to employees or people associated with their employees. It includes benefits to prospective and former employees.

Responsibility. The Financial Accountant is responsible for ensuring that all necessary records and documentation is held, and for preparing and submitting an annual return to the Australian Taxation Office.

Financial delegates are responsible for ensuring that adequate information is provided to the Finance Area to support payments for expenditure that may incur FBT (e.g. an FBT Record is submitted for all entertainment expenditure).

Benefits. Benefits that attract FBT include, but are not limited to the following:

- Cars
- Car parking
- Housing
- Entertainment
- Various expenses that are reimbursed to employees.

PAY AS YOU GO TAX (PAYG TAX)

Calculation. PAYG Tax is a tax deducted from an employee's salary or wage each time the salary or wage is paid. Taxation is calculated differently for employees who have:

- Lodged an employment declaration claiming the general threshold
- Lodged an employment declaration not claiming the general threshold
- Not provided their tax file number.

For the purposes of this section, an employee is defined by the *Income Tax Assessment Act 1997*.

Responsibility. All income tax will be accurately assessed, deducted from eligible payments and remitted to the Australian Taxation Office within legislative timeframes.

The Accountant is responsible for ensuring the deduction and fortnightly remittance of PAYG tax from salary and wage payments, and for the annual issue of group certificates.

Group certificate reconciliation. When group certificates are issued, the total tax instalments deductions shown on the certificates must be reconciled to the total PAYG tax deducted from employees' salaries and wages during the year.

PAYROLL TAX

Assessment and remittance. All payroll tax will be accurately assessed and remitted to the Office of State Revenue within the required legislative timeframes.

Payroll tax is assessed on the basis of the gross value of an employer's payroll. The tax is levied on any salaries, wages, commissions, bonuses and allowances paid by the Statutory Body. Workers compensation payments and certain travelling allowances are excluded from payroll tax calculations.

Responsibility. The Accountant is responsible for ensuring that the total amount of payroll tax is remitted within seven days of the end of each month to the Office of State Revenue.

GOODS AND SERVICES TAX (GST)

The GST is a new broad-based consumption tax on the supply of most goods and services consumed in Australia. The GST is effective from 1 July 2000.

Legislation. The governing legislation for the GST is *A new Tax System (Goods and Services Tax) Act 1999*. The Act is supported by a number of other Acts, Provisions and Amendments that cover specific provisions of the new tax structure.

Description. The tax aims to tax 'private final consumption expenditure' and is a tax that will be charged on the supply of goods and services in Australia and on goods imported into Australia.

Businesses are required to charge GST at the rate of 10% on goods and services that they supply to all customers. The GST payable is included in the price paid by the recipient of the goods and services. The supplier must pass on the amount of GST to the Australian Taxation Office.

If the recipient of the goods and services is a business, it would normally be able to claim a credit for the amount of GST paid, provided it holds a tax invoice. This credit (called an input tax credit) is offset against any GST that the business itself charges on goods and services it has supplied to its own customers.

The net effect is that businesses charge GST but do not keep it, and pay GST but get a credit for it. This means that they act essentially as collecting agents for the tax. The ultimate burden of the tax falls on the private consumer of the goods and services as this person gets no credit for the GST he/she pays.

Types of supplies. In accordance with the GST legislation, there are three types of supplies:

- **GST Free**
 - There is no GST included in the price of supply
 - The supplier is entitled to an input tax credit (i.e. a refund) for GST amounts paid that relate to the supply
 - GST free supplies include exports, health, education, childcare and basic foods.
- **Input Taxed**
 - There is no GST included in the price of supply
 - The supplier is not entitled to an input tax credit for GST amounts paid that relate to the supply
 - Input taxed supplies include financial supplies, residential rents, supplies from an unregistered supplier.
- **Taxable** (NB. If the supply is not GST Free or Input Taxed, then it is taxable)
 - There is GST included in the price of supply
 - The supplier is entitled to an input tax credit (i.e. a refund) for GST amounts paid that relate to the supply
 - Taxable supplies include everything that is not GST Free or Input Taxed.

Additionally, there are transactions that are considered to be out of the scope of GST. These include:

- Appropriations from one level of Government to another (including appropriations that a Government Department receives from the Treasury)
- Transactions that have no connection with Australia
- Gifts and donations
- Division 81 exemptions – listing of Government fees and charges, as approved by the Federal Treasurer, that are to be excluded from the GST. These include freedom of information fees, Racing Appeals fees, registration of births/deaths/marriages, and drivers licences.

The majority of supplies that a Statutory Body buys are taxable and, therefore, will have a GST component of 10% included in the amount payable to the supplier. Providing the Statutory Body holds a valid tax invoice to support these payments, they will be entitled to claim the GST component of 10% back from the Australian

Taxation Office when they complete the monthly tax return (this return is called a Business Activity Statement – BAS). The exception to this rule is non-deductible expenditure.

For a Statutory Body to survive the GST at minimum cost and avoid adverse audit opinion, they need to:

- Ensure that tax invoices are obtained for all expenditure
- Incorporate GST in revenue and prices, where applicable
- Allocate correct tax codes to all general ledger transactions
- Compare like with like when making price comparisons
- Follow-up outstanding accounts receivable to obtain monies that they may have already remitted to the Australian Taxation Office.

Controls

OVERVIEW

Security controls and the system of internal control are a series of methods and practices adopted by the Statutory Body to assist in ensuring that:

- Statutory Body business is conducted in an orderly and efficient manner
- Assets are safeguarded
- Fraud and error are detected and, as far as possible, prevented
- Accounting records are accurate and complete
- Financial information is reliable and prepared in a timely manner.

Statutory Body management is responsible for developing, implementing and monitoring system and internal controls that satisfy Statutory Body, Government and public accountability requirements. All officers of the Statutory Body are responsible for adhering to the controls implemented by management.

INTERNAL CONTROL

Structure. The internal control structure consists of the following elements:

- **Control environment.** The overall approach of the Statutory Body to its operations and the emphasis and importance placed on the system and internal controls, as reflected in the policies and practices of the Statutory Body and the actions of management.
- **Information systems.** Those methods, mechanisms and records that are established to identify, assemble, analyse, classify, record and report transactions affecting the Statutory Body.
- **Controls.** Those mechanisms, policies and practices that are implemented by management to ensure that transactions are processed completely, accurately and with proper authorisation.

Objectives. The objectives of the internal control systems of the Statutory Body are:

- Ensuring that the conduct of Statutory Body business is orderly and efficient
- Executing transactions only in accordance with management's general and specific authorisation to do so
- Promptly and accurately recording all transactions in the correct amount, appropriate accounts and the accounting period in which they occurred
- Maintaining financial records that completely and accurately reflect the entire operational activities of the Statutory Body and allow the timely preparation of financial information within the framework of constraining accounting policies and standards
- Ensuring that assets are safeguarded from unauthorised use or disposition by allowing only authorised access and regularly comparing records of assets with physical assets
- Ensuring that irregularities are prevented as far as is possible and detected should they occur.

Segregation of duties. The duties of officers of the Statutory Body are to be adequately segregated to the extent that opportunity for misconduct is minimised.

ACCOUNTING SYSTEMS

Development. When developing or choosing an accounting system, consultation with users, audit, and other interested parties will ensure that all statutory and regulatory requirements are met, and that the product selected best fulfils the needs of the Statutory Body and contributes to the achievement of its goals. Carrying out a cost-benefit analysis and return on investment will also ensure that the product provides adequate facilities and represents value for money.

Implementation. The implementation of an accounting system is to be a coordinated exercise and all users are to be fully trained in the system's use.

Use and security. In order to maintain data integrity, use of computer facilities and the data contained therein for unauthorised, improper and personal purposes is strictly prohibited.

As a minimum, the following controls are to be in place to prevent the misuse of accounting systems:

- Issuing user identification names and passwords to access accounting systems
- Limiting physical access to accounting system media
- Limiting access to elements of accounting systems (e.g. programs, files) to only authorised officers (with authorisation based on the Statutory Body's needs and the duties that officers are required to carry out)
- Regular and reliable local and off-site back-ups.

FINANCIAL RECORDS

Security. All financial records, whether computerised or manual, are to be kept secure and protected from unauthorised access and alteration. Security of financial records will be ensured by:

- Restricting access to only authorised personnel
- Ensuring the physical security of the location where records are held (e.g. locked room)
- Registering the authorised removal of documents from the storage area for official purposes.

Ink. All manual financial records that are to be maintained in hard copy are to be printed, typed or written in permanent ink.

Corrections. When an alteration is to be made to a financial record, the incorrect entry is to be ruled through with a single line, initialled and dated by the preparing officer. Correction fluid is not acceptable.

Disaster recovery. The Statutory Body must have procedures in place to ensure the recovery of records and the ability to continue normal operations should financial records be lost through circumstances outside its control. This may include procedures such as regular back-ups of financial systems, off-site electronic storage of records and so on.

CONFIDENTIALITY

Disclosing work-related information. Confidentiality regarding the financial management, activities and operations of the Statutory Body is to be maintained by all officers. Persons performing any duty for the Statutory Body will not disclose any part of it to any other person (employee or not) who does not have a direct and legitimate need to know.

Disclosing personal information. An officer of the Statutory Body or any person performing any duty for the Statutory Body will not disclose the personal details of any employee, other person or organisation without first obtaining their express permission. This will not apply where the information is required for the normal operations of the Statutory Body.

Other official information. Other official information of a confidential or privileged nature is not to be disclosed to any person or entity without the express authorisation of the General Manager and/or the Board.

System Appraisals

POLICY

- In accordance with the *Financial Management Standard 1997*, all Statutory Bodies must ensure that their financial systems remain cost effective and appropriate for the operations of the Body.
- Once every three years, an appraisal must be undertaken of systems relating to the identification, recording, management and controls of all assets, expenses, revenues, liabilities and equity.

PRACTICE

Assessments. A system appraisal will consist of an internal review that assesses:

- Whether appropriate and cost effective controls are in place and functioning properly
- The appropriateness of the system and the procedures operating within the system
- Whether the system is operating efficiently, effectively and economically
- Whether it is the best practice alternative for the operations of the Statutory Body
- Whether the system is adequately documented in the Financial Management Manual.

To ensure that all systems are reviewed and the Statutory Body's obligations are discharged, the General Manager must ensure that a list of all relevant systems is maintained and communicated to the Board. The list is to specify the officers responsible for the systems to be appraised and the timing of those appraisals.

Procedures. The following steps are to be included when carrying out a system appraisal:

1. Identify the system
2. Document the system
3. State the internal control objectives
4. Apply internal control checks
5. Collate proposed actions in a report to the Board
6. Implement action plan (including follow-up action at a future date).

Reports. Upon receiving the documented results of the system appraisals, the Board is to review the outcomes and record decisions and action taken in the Minutes.

Frequency. Circumstances may arise that require system appraisals to be conducted more frequently than every three years. Such circumstances include:

- Changes in organisational structure
- Staffing changes
- New initiatives
- Post-implementation of new systems
- System modifications
- Reorganisation of activities.

Internal Audit

OVERVIEW

The *Financial Administration and Audit Act 1977* provides that, as part of the financial administration of a Statutory Body and if so determined by the appropriate Minister, an adequate internal audit function must be established and maintained to assist in the performance or discharge of its functions and duties.

Internal audit is an independent appraisal function that allows a systematic review of policies, systems and processes of the Statutory Body with a view to ensuring that they are effective, efficient and in compliance with the relevant legislation and standards.

ROLE

The role of Internal Audit is to provide advice to the Board of a Statutory Body on whether or not the system of internal controls over the functions of the Statutory Body are adequate, appropriate, efficient and effective. This role includes, but is not limited to providing advice on whether the financial management functions imposed by the *Financial Administration and Audit Act 1977* are being discharged. This advice is independent of the advice given by internal managers.

ANCILLARY ROLES

The related activities that may be performed by Internal Audit include:

- Reviewing program evaluations for efficiency and effectiveness (i.e. to the extent practicable, assess the methodology employed and the integrity of the information given)
- Reviewing risk management procedures, including prevention of fraud and corruption
- Providing advice on physical and information security
- Providing advice on management matters.

FUNCTIONS

Internal Audit shall appraise the effectiveness of the Statutory Body in discharging the functions and duties conferred or imposed on the Board by the provisions of any Act or law, and to this end shall:

- Regularly review management systems and Statutory Body operations to assess the extent to which Statutory Body objectives are achieved
- Assess the relevance, reliability and adequacy of management data
- Appraise past expenditure with regard to value for money obtained, and evaluate alternative future expenditure
- Ascertain the extent of compliance with established policies, plans and procedures

Internal Audit

- Determine whether the system of internal control is adequate and is functioning effectively and economically
- Recommend improvements in procedures and systems to prevent waste and extravagance
- Review the system appraisals and performance management reporting processes within the Statutory Body
- Determine whether Statutory Body officers are following the procedures detailed in the Financial Management Manual
- Advise the Board on appropriate systems of control and other accounting and operational matters in a consulting capacity
- Draw the attention of line management and, if necessary, the Board to failure by line management to take prompt remedial action
- Carry out any special appraisals, inspections, investigations, examinations or reviews requested by the Board.

The *Financial Management Standard 1997* also provides the following elements of an internal audit function which need to be understood and complied with by the Statutory Body, including:

- Charter of an Internal Audit function
- Planning
- Reporting
- Consideration of reports
- Relationship with authorised auditors
- Audit committees.

REPORTING

For a Statutory Body, the internal audit function should report directly to the Board. This will ensure that the members of the Board of the Statutory Body receive advice on significant audit issues.

Conflicts of Interest

Conflicts of Interest

OVERVIEW

A conflict of interest may arise, or be seen to arise, where benefits accruing to a Statutory Body employee (or family or friends of an employee) prevents, or may be seen to prevent, that employee from acting impartially when carrying out official duties.

A conflict of interest may arise from:

- Giving or receiving of a gift
- Carrying on Statutory Body business with persons or companies who offer undisclosed commissions in return for favouritism in decision-making
- Carrying on Statutory Body business with family, friends or business acquaintances
- An employee establishing a business to provide the Statutory Body with goods or services
- Any other circumstances in which an officer feels their integrity and professionalism is compromised.

Statutory Body employees are responsible for reporting real or apparent conflicts of interest to the General Manager and/or Board for determination.

GIFTS

Policy. The following general policies apply to gifts:

- Gifts are not to be given without prior approval of an officer delegated with the authority to approve gifts, as documented in the Instrument of Delegations.
- A gift may be accepted where none of the criteria preventing conflicts of interest applies.
- Within 14 days of receipt, officers receiving gifts must provide details of the gift to the Finance area. The details of all gifts given or accepted in the course of official duties must be recorded in a Gifts register.

Examples. Gifts include:

- A gift of entertainment, hospitality, travel or other benefit
- A gift of a valuable item of property, whether of a personal nature or otherwise, for example: ornate and precision display items, clocks, furniture, figurines, works of art, jewellery, personal items containing precious metals or stones, and fine art works.

Gifts given. Gifts given are those items that are on permanent loan for their expected useful life and are transferred from the Statutory Body to the recipient at no cost or below market value. The General Manager's approval is required when purchasing a gift to be given by the Statutory Body in an official capacity.

Gifts of a personal nature, including flower donations for staff members are not to be paid for from public monies. Such purchases are the personal responsibility of individual staff within the Statutory Body and are not an official expense.

Conflicts of Interest

Prior approval must be received from the approved delegate before gifts can be given. This approval should indicate the justification for providing the gift and anticipated cost. A copy of the approval must be attached to the expenditure voucher. The Accountant is responsible for ensuring that a Register is maintained of all gifts purchased and given by the Statutory Body.

Gifts received. Gifts received are those gifts of property or benefit made to an employee in their capacity as a representative of the Statutory Body. Gifts received become the property of the Statutory Body – not the individual – and are to be treated as per any other acquisition by the Statutory Body (including, where the value of the gift exceeds the recording threshold, as a non-current physical asset).

Gifts given to associates of an employee (e.g. spouse, child or parent) as a result of the officer's employment with the Statutory Body must also be reported in the Gifts register.

Register of gifts. Statutory Bodies must maintain a register of gifts recording all gifts made and received including:

- Date the gift was made or received
- Officers and persons involved
- Description
- Approval for making the gift; and
- Present location.

Refusal of gifts. In connection with official duties, Statutory Body employees will not:

- Pursue any benefit from persons outside the Statutory Body
- Accept any gift for any official duties or functions that could create, or be seen to create, a conflict of interest
- Accept any gift of money or a loan benefit from any person or business.

Notification. When material gifts are received by the Statutory Body, the Board is to be advised through the regular administrative reporting arrangements (the General Manager is to determine when such notification is required). When appropriate, the Board is to approve the nature of the use to which the gift is to be put.

OTHER CONFLICTS

Notification. Immediately an employee becomes aware that a real or apparent conflict of interest has arisen or is likely to arise, that officer is required to notify the General Manager and Board, in writing, of the details.

Such notification is automatically required whenever an officer engaged in tender/supply or other discretionary functions is dealing with relatives, close friends or business associates, or when an officer believes that an offer of benefit has been made in order to induce favourable treatment.

Resolution. The General Manager/Board is responsible for determining the extent of the conflict and instigating appropriate investigations to resolve the conflict.

Conflicts of Interest

Personal conflicts. When an employee believes that circumstances exist that will compromise their personal integrity or professionalism, that employee is to report the details to the General Manager and Board. The Statutory Body will support all employees who are able to justify non-performance of duties when they believe a personal conflict of interest has arisen.

Integrity Commissioner. The Integrity Commissioner is an independent person who advises Queensland Government public officials on conflicts of interest.

The Commissioner may be contacted directly by some people, including the Premier, Ministers, Parliamentary Secretaries and their staff, Government backbenchers, statutory office holders, chief executive officers and senior officers of the Public Service whose request for advice is supported by their CEO. The *Public Sector Ethics Act 1994* contains complete details.

The Commissioner primarily provides advice on whether public officials may have a conflict of interest. The Commissioner is also responsible for giving the Premier advice on setting ethical standards and building the public's awareness about ethical issues. The Commissioner does not provide legal advice.

Risk Management

OVERVIEW

Risk management is a series of steps designed to minimise the exposure of the Statutory Body to unnecessary costs and losses through proactive and preventative measures, rather than corrective measures. As such, the risk management process is concerned with the identification, measurement and control of those risks that threaten the assets and services provided by the Statutory Body.

The Statutory Body is committed to managing risks through identifying, analysing, assessing and controlling the exposures that are likely to impact on the operational performance and/or continued effectiveness of the Statutory Body. The principles of risk management can be applied to almost every type of business activity, including policy making, purchasing methods, contracts administration, fraud control and contingency planning.

PROCESS

Steps. The risk management process consists of four steps:

1. Identify the nature and extent of exposure to risk.
2. Formulate ways to reduce or prevent losses and claims.
3. Decide whether or not to take some form of insurance.
4. Establish ongoing procedures and managerial accountability.

Considerations. In developing and implementing risk management practices, the Statutory Body is to:

- Identify the extent of risk exposure by means of risk surveys
- Initiate, coordinate and monitor actions to reduce or eliminate risks
- Consider risk management training programs
- Establish appropriate information systems.

INSURANCE

Benefits. Insurance is a paid policy providing protection against large and unexpected losses. However real financial benefits come more from the reduction or control of risks themselves, rather than through the payment of large insurance policies.

Insurance provider. Insurance policies are to be taken out with an insurer recognised by the Insurance and Superannuation Commission.

Financial Records

OVERVIEW

A financial record is any written, typed or computerised record pertaining to the financial business of the Statutory Body. Financial records may be required from time to time in relation to general inquiries, special reports, accounting adjustments, litigation or audit.

The General Manager is responsible for the safe custody and efficient management of financial records.

For further information regarding the controls relating to financial records, see 'Controls', in this manual.

RETENTION

Form. All financial records are to be retained in their original form for a period of at least 12 months after the completion of their audit.

After the initial 12-month period has elapsed, and if the Statutory Body so wishes, financial records may be retained in another form (e.g. microfilm, electronic data) provided that form would be admissible in evidence in any legal proceeding.

Where records are stored by microfilm or electronic storage:

- An adequate referencing and indexing system shall be established and maintained to identify and locate records
- Effective safeguards shall be implemented for the safe custody and storage of records
- Access to reproduced records shall be restricted to authorised personnel
- Procedures for the retrieval of reproduced records shall be implemented and will incorporate an audit trail
- Internal check systems shall be in place for record reproduction and electronic storage methods.

Period. All financial records must be retained for at least 12 months after the completion of their audit *and* until:

- The retention period prescribed in the *Financial Management Standard 1997* expires; and
- Another Act or other law no longer requires their retention (e.g. *Evidence Act 1977*, Acts relating to taxation records); and
- They are no longer likely to be required as evidence or for audit purposes; and
- They are no longer of historical significance; and
- The General Manager has approved their destruction, in writing.

Financial Records

DESTRUCTION

Approval. When the retention period has lapsed, other considerations indicate the financial record is no longer required, and the Statutory Body wishes to destroy that record, the written approval of the Board or other delegated officer, as per the Instrument of Delegations, is to be obtained.

Approval will not be granted unless:

- The minimum retention period for the records has elapsed (retention periods are prescribed in the *Financial Management Standard 1997*); and
- The hard copy form of the financial record has been properly reproduced and notice of intention to destroy has not been contested within two months of notifying the State Archivist; and
- Full particulars on the original of any computer-generated form are also retained on a computerised system, in a readable form for future reference.

Register. A register of financial records approved for destruction is to be maintained. The register should contain the following information for each financial record (or group of financial records) for which destruction has been approved:

- Details to identify and date the record(s) and that ensure an audit trail is maintained for the information
- Reason for destruction
- Date of destruction
- Method of destruction
- Officers responsible for carrying out the destruction.

Destruction method. The destruction of financial records is to be carried out by at least two officers of the Statutory Body. The method of destruction should ensure the security of the information contained in the records (e.g. shredding is more appropriate than dumping).

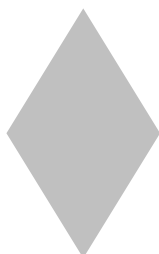
LIABILITIES

Contents

GENERAL POLICY	1
Policy	1
Overview	1
EMPLOYEE ENTITLEMENTS	3
Overview	3
Annual Leave	3
Long-Service Leave	3
ACCRUED EXPENSES	4
Overview	4
Identification and Recording	4
BORROWINGS AND REPAYABLE ADVANCES	5
Overview	5
Considerations and Recording	5
CONTINGENT LIABILITIES	6
Overview	6
Disclosure	6
SYSTEMS, SECURITY AND CONTROL	7
Overview	7

General Policy

POLICY



All liabilities of the Statutory Board are to be promptly identified, assessed and recorded.

Liabilities are not to be incurred without proper authority and for official purposes only.

All liabilities are to be satisfied as and when required.

Readily accessible records of liabilities are to be maintained.

OVERVIEW

In strict accounting terms, a liability is defined as a future sacrifice of service potential or economic benefits that a Statutory Body is obliged to make to other entities as a result of past transactions or events.

Liabilities therefore represent claims by individuals or organisations against a Statutory Body for:

- Goods or services provided
- Monies owing due to legal action against a Statutory Body having been successful
- Any other cause that results in a Statutory Body having to pay monies as a result of a past transaction or event.

Liabilities reflect payments yet to be made although the obligation to do so has been established.

Liabilities are classified as either current or non-current in the financial statements:

- Current liabilities are those obligations that require settlement (full payment) within 12 months of the reporting period
- Non-current liabilities are those obligations that do not require settlement within the next 12 months of the reporting period.

Broad categories of liabilities can include:

- **Creditors.** When a Statutory Body has received goods or services on credit, the supplier of those goods or services is a creditor until the liability is settled (i.e. monies owing are paid). For further information, see 'Expenses', in this manual.

A liability should be recognised when:

- Goods and/or services have been received but the invoice has not been received
- Invoices have been received but not yet entered into the accounting system
- Invoices have been received and entered into the system but have not been paid
- Grant applications have been approved but the actual payment has not been made to the grantee.

- **Employee entitlements.** Includes the entitlements for salaries, wages, leave and superannuation.

General Policy

- **Accrued expenses.** Includes expenses that have been incurred during the accounting period but that remain unpaid at the end of the period. These expenses are to be recognised in the accounting period in which they were incurred.
- **Revenue received in advance.** Includes revenue that is received before the goods and services have been supplied by the Statutory Body, e.g. that portion of fees received in one financial year that covers a period in the next year.

Revenue should be recorded as a liability where the receipt does not relate to goods or services provided during that reporting period, and must be repayable should the goods and services not be provided in the future.
- **Borrowings.** Borrowings (also referred to as recoverable advances) are a form of funding that may be utilised for special purposes.
- **Contingent liabilities.** Financial obligations that will arise in the future, the amount of which cannot be determined with reasonable certainty or where the amount can be determined but whether it is a liability cannot be determined.
- **Unexpended grants.** Includes those grant monies that a Statutory Body has received but not expended at the end of the reporting period. For further information, see 'Grants', in this manual.

Liabilities are to be recognised in the financial statements of Statutory Bodies when it is probable that the future sacrifice of service potential or economic benefits will be required (i.e. settlement will be required) and the amount of the liability can be measured reliably.

Employee Entitlements

Employee Entitlements

OVERVIEW

Employee entitlements arise as a result of past services of employees and accordingly impose a present and future obligation on a Statutory Body. The value of employee entitlements expected to be paid in the next 12 months is disclosed as a current liability in the financial statements; the balance is disclosed as a non-current liability.

The accumulated value of the following employee entitlements are to be disclosed as liabilities in the financial statements:

- Annual leave (including leave loading)
- Long-service leave
- Outstanding salaries and wages (including fringe benefits and non-monetary benefits)
- Superannuation
- Other post-employment benefits.

ANNUAL LEAVE

Calculation. When prescribed by their conditions of employment, employees will accrue annual leave and leave loading for the duration of their employment with a Statutory Body.

The accrued annual leave entitlement is to be calculated at the end of the reporting period. The calculation is to be based on the current pay rates for the employees and is to include, where appropriate, additional allowances such as leave loading.

Accounting system update. The provision for annual leave is to be entered into the accounting system to update the general ledger.

LONG-SERVICE LEAVE

Calculation. When prescribed by their conditions of employment, employees will accrue long-service leave during the period of their employment.

The accrued long-service leave entitlement is to be calculated at the end of the reporting period. The entitlement is to be calculated in accordance with the relevant Australian Accounting Standard.

Accounting system update. The provision for long-service leave is to be entered into the accounting system to update the general ledger.

Accrued Expenses

Accrued Expenses

OVERVIEW

Some expenses, such as salaries, are incurred at the close of the accounting period but not recorded in the Statutory Body's accounts because payment has not yet been made. Under the accrual basis of accounting, these expenses must be allocated to the accounting periods in which they are to be used.

IDENTIFICATION AND RECORDING

Identification. At the end of the reporting period (month), those expenses (or portions of expenses) that are to be accrued are to be identified. Examples of such expenses include salaries, wages and associated expenses.

Accounting system update. The accrued expenses are to be entered into the accounting system to update the general ledger.

Borrowings and Repayable Advances

Borrowings and Repayable Advances

OVERVIEW

Monies are not to be borrowed unless authorised by an Act or law and approved by the Board of a Statutory Body before the commencement of negotiations.

Borrowings/recoverable advances are a form of funding that may be utilised for special purposes.

CONSIDERATIONS AND RECORDING

Considerations. Before obtaining approval for borrowings, the following points are to be considered:

- Cost of each form of borrowing
- Proposed interest rate (fixed or variable, risk margin)
- Terms of the arrangement
- Maturity schedule of the debt finance required
- Ability of the Statutory Body to meet loan redemption and interest at the due date
- Temporary fluctuations versus permanent needs of the Statutory Body
- Provision for early repayment.

Documentation. The terms and conditions of all borrowings are to be documented and signed by representatives of both the lender and Statutory Body.

Register. All borrowings and loans are to be recorded in a register maintained by the Accountant.

Reporting. The interest component and associated charges of any borrowings are disclosed in the Profit and Loss Statement. The Balance Sheet reports the amount of loans outstanding at the end of the reporting period.

Contingent Liabilities

Contingent Liabilities

OVERVIEW

Contingent liabilities are financial obligations that will arise in the future, the amount of which cannot be determined with reasonable certainty or the amount can be determined but whether it is a liability cannot be determined. Creditors from litigation can be contingent before they become actual creditors.

Situations arise where a Statutory Body is forced to incur legal, administrative and court costs in response to claims or legal actions, or in pursuing legal claims against other parties. While the Statutory Body's own costs are readily quantified and recorded, its financial exposure to another party's costs and/or claims in the event of adverse court decisions is not always quantifiable.

DISCLOSURE

Outcome known. Contingent liabilities are to be disclosed as liabilities in the financial statements when the certainty of the outcome is known.

Outcome not known. When the certainty of the outcome is not known, contingent liabilities are to be disclosed as a note in the financial statements.

Systems, Security and Control

Systems, Security and Control

OVERVIEW

The systems, security and internal controls established for liabilities are to ensure that:

- Liabilities are promptly identified, assessed and recorded
- Liabilities are not incurred without proper authority
- With regard to legal claims, potential liabilities are minimised.

Policies and practices for accounting system security and general financial controls (e.g. accounting records, confidentiality) are prescribed in 'Controls', in this manual.

Contents

GENERAL POLICY	1
Policy	1
Overview	1
Reporting	2
RESERVES	3
Overview	3
Administration	3

General Policy

POLICY



Equity (or net assets), where applicable, is defined and recorded to ensure that:

- *It is identified and recorded*
- *It is maintained in accordance with the requirements of any act or law and any approved strategies, plans or economic objectives*
- *It is subject to adequate internal controls*
- *Amounts appropriated from surpluses or from reserves are separately recorded*
- *Grants that qualify to be recorded as equity are supported by records giving the particulars of each grant*
- *Authorised reserves, including asset revaluation, are properly established and kept*
- *Appropriations for distribution to equity interests are approved by a competent authority and properly recorded in the Statutory Body's accounts.*

OVERVIEW

As a whole, equity represents the net wealth of an entity. It is equal to the net assets employed in the operations of the Statutory Body and is the residual amount after deducting all liabilities from all assets.

The relationship between the elements of the financial statements is that:

- The opening net equity is the difference between the opening balances of assets and liabilities
- The revenue and expenses give rise to changes in the net equity (this is reflected in the Profit and Loss Statement).

Once the opening equity position is established, the balance thereafter will be determined by adding the operating result for the reporting period, reflected in the Profit and Loss Statement, to the opening accumulated surplus/deficit brought forward from the previous reporting period.

Equity may incorporate the following components:

- Equity subscriptions
- Appropriations
- Accumulated surplus/deficit
- Asset revaluations and reserves.

Equity can be created through:

- Contributions from other entities
- Excess of revenue and expenses during a reporting period
- Asset revaluation results.

General Policy

In the books and accounts of a Statutory Body, equity may also be known as 'accumulated funds'.

REPORTING

The components comprising the equity/accumulated funds balance of a Statutory Body are:

- Accumulated funds, representing the existing balances of all components from previous financial years that are transferred to this component at year end
- Capital grants
- Surplus/deficit for the year.

A journal entry is processed at the end of each financial year to transfer the existing balances of the capital grants and the surplus/deficit that is the result of that financial year's operating activities, to become part of the opening balance of accumulated funds the next financial year.

Entries to transfer current year profit/loss to accumulated funds must be authorised by the Board after the financial statements and accounts have been reviewed and accepted by the Board. Approval details must be documented in the Board Minutes of the Statutory Body.

Each class of equity should be separately disclosed in the Balance Sheet.

Reserves

OVERVIEW

Reserves are a component of equity and are adjustments made under certain accounting models to the entity's equity as a result of:

- Statutory requirements
- Application of an accounting standard
- Approved management decisions.

It should be noted that, in some cases, the legislative and/or regulatory framework within which an entity operates may preclude it from establishing reserves.

An Asset Revaluation Reserve is a capital reserve that reflects increases or decreases arising on revaluation of property, plant and equipment.

ADMINISTRATION

Justification. Reserves are usually the result of an accumulation of surpluses over a number of reporting periods and signify the intended deployment of those surpluses (or a portion thereof). When a reserve is created, the entity should be able to justify the need for the reserve and the amount of funds held in that reserve.

Establishment. To create a reserve, a journal transaction is to be processed, debiting the existing relevant account and crediting the new reserve account.

For example, for an asset that has increased in value as a result of revaluation, the journal transaction would debit the existing asset account and credit the new asset revaluation reserve account.

Movements. All movements to and from reserves must be authorised by the Board of the Statutory Body before being processed.

AMENDMENTS

No.	Chapter	Section	Date of Amendment	Description of Amendment
1				
2				
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<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	July 2003	First draft (Brent Durham)
1.02	Dec 04	Second Draft (Adam Carter)
1.03	Sept 2005	Third Draft (Adam Carter)
1.04	4-Oct-06	Fourth Draft (Adam Carter)
1.05	25 Nov06	Fifth Draft (Murray Dyke and Adam Carter) Payroll
1.06	20 Jan 07	Sixth – Update Policies/Procedures – Review Adam Carter
1.07	11 May 07	7th – Update Payroll and Fixed Assets – By KVW and MD and reviewed and approved Adam Carter

Contents

1.0 Foreword

1.1 How to Use This Manual

1.2 List of Policies

- General Financial Policies
- Accounting Policies

1.3 List of Practice Standards

1.4 List of Desktop Guidelines

1.5 Definitions

2.0 Introduction

2.1 Role of Queensland Racing Limited

2.2 Financial Administration and Audit Act

2.3 Public Finance Standards

3.0 General Financial Policies

3.1 Policy Setting Responsibility

3.2 Default Policy

3.3 Accounting Basis

3.4 Financial Management Practice Manual

4. Accounting Policies

4.1 Revenue Management

4.2 Accounting for Revenue

4.3 Revenue Receipt

4.4 Bank Accounts

4.5 Budgets

4.6 Expenditure Management

4.7 Accounting for Expenditure

4.8 Prizemoney

4.9 Club Distributions

4.10 Payroll

4.11 Asset Management

4.12 Asset Ownership

4.13 Accounting for Assets

4.14 Asset Recognition - Non-Current Physical Assets

4.15 Acquisition and Disposal of Non-Current Physical Assets

4.16 Verification of Non-Current Physical Assets

4.17 Depreciation of Non-Current Assets

4.18 Portable and Attractive Items

4.19 Portable and Attractive Items Review

4.20 Liability Management

4.21 Accounting for Liabilities

4.22 Systems Appraisals

4.23 Position Assessments

4.24 Internal Control

4.25 Retention of Accounting Records

4.26 Insurance

4.27 Taxation

4.28 Project Management

4.29 Employee Travel

4.30 Information Systems

5.0 Practice Standards

5.1 Internal Controls

- 5.1.1 Objectives
- 5.1.2 Internal Control System
- 5.1.3 Organisational Structure
- 5.1.4 Management Supervision
- 5.1.5 Personnel

5.2 Revenue

- 5.2.1 Introduction
- 5.2.2 Scope
- 5.2.3 Identification and Control of Revenue
- 5.2.4 Sources of Revenue
- 5.2.5 Raising and Accounting for Revenue
 - Club Levies
 - Grants
 - Licensing and Registration Fees
 - Workers Compensation Fees
 - Other Fees
- 5.2.6 Segregation of Duties
- 5.2.7 Collection of Mail
 - Inward Mail
 - Receipting
- 5.2.8 Recording of Revenue and Banking
 - Recording of Revenue
 - Post Dated and Irregular Cheques
 - Banking
 - Dishonoured Cheques
 - Suspense Items
- 5.2.9 Control of Debtors
- 5.2.10 Reconciliations
- 5.2.11 Reporting Of Revenue
 - Monthly Reports
 - Annual Financial Statements

5.3 Expenditure

- 5.3.1 Introduction
- 5.3.2 Scope
- 5.3.3 Identification and Control of Expenditure
- 5.3.4 Segregation of Duties
- 5.3.5 Purchase Commitments and Authorisation
- 5.3.6 Invoice/Claims Processing
- 5.3.7 Preparation for Payment
- 5.3.8 Payment Certification
- 5.3.9 Payment Processing
 - Expenditure Control Reports
 - Cheques in Lieu
 - Unpresented and Unclaimed Cheques
- 5.3.10 Cash Payments and Accountable
 - Advances Petty Cash
- 5.3.11 Credit Cards
- 5.3.12 Recording Of Expenditure in the Ledger
- 5.3.13 Special Payments
- 5.3.14 Gifts
- 5.3.15 Losses
- 5.3.16 Accountable Forms
 - Cheque Forms
 - Other Accountable Forms
- 5.3.17 Legal Documents
- 5.3.18 Conflicts Of Interest

- 5.3.19 Reporting
 - Monthly Reports
 - Annual Financial Statements

- 5.4 **Payroll**

- 5.4.1 Introduction
- 5.4.2 Scope
- 5.4.3 Segregation of Duties
- 5.4.4 Appointment of Officers
 - Basis of Appointment
 - Processing Appointments or Transfers
 - Manual Payments
 - Employment Declarations
 - Cost Codes
- 5.4.5 Payment of Salary and Allowances
 - Methods of Payment
 - Attendance Sheets
 - Allowances
- 5.4.6 Deductions
 - Automatic Deductions
 - Controlled Deductions
 - Voluntary Deductions
- 5.4.7 Superannuation
- 5.4.8 Terminations and Transfers
 - Resignations/Retirements/Dismissals
 - Retrenchments
- 5.4.9 Leave
- 5.4.10 Increments and Performance Reviews
- 5.4.11 Input and Validations
- 5.4.12 Processing Of Payroll Reports
- 5.4.13 Reporting Of Payroll

- 5.5 **Assets, Portable and Attractive Items and Software**

- 5.5.1 Introduction
- 5.5.2 Scope
- 5.5.3 Asset Identification and Control
- 5.5.4 Segregation of Duties
- 5.5.5 Asset Acquisition, Disposal and Write-Off
- 5.5.6 Asset Recording
- 5.5.7 Asset Protection
- 5.5.8 Verification of Non-Current
 - Physical Assets
- 5.5.9 Loss or Damage of Assets and Portable and Attractive Items
 - Identification of Losses
 - Valuation of Losses
 - Recording of Losses
 - Approval to Write-Off
 - Recovery of Losses
 - Reporting Losses
- 5.5.10 Depreciation of Non-Current Physical Assets
- 5.5.11 Reporting Of Assets
 - Monthly Asset Reports
 - Annual Stock Take
 - Annual Financial Statements
 - Other Asset Reporting
- 5.5.12 Portable and Attractive Items
 - Identification and Control
- 5.5.13 Portable and Attractive Items And Software Review

- 5.6 **Liabilities**

- 5.6.1 Introduction
- 5.6.2 Scope
- 5.6.3 Liability Identification and Control
- 5.6.4 Accounting for Liabilities
- 5.6.5 Contingent Liabilities
- 5.6.6 Commitments
 - Capital Commitments
 - Operating Leases
- 5.6.7 Reporting Of Liabilities
 - Annual Financial Statements

6.0 Desktop Guidelines

- 6.1 Stock take Procedures
 - 6.1.1 Purpose
 - 6.1.2 Scope
 - 6.1.3 Definitions
 - Non-Current Assets
 - Physical Assets
 - Portable and Attractive Items
 - 6.1.4 Staff and General Job Summaries
 - Stock Take Controller
 - Stock Take Coordinator
 - Stock Take Teams
 - Finance Section
 - 6.1.5 Stock Take Procedures
 - Pre-Stock Take Preparation
 - Transaction Cut Off For Stock Take
 - Physical Stock Take Cut Off
 - During Stock Take Transactions
 - After Stock Take Transactions
 - Goods Received From Suppliers
 - Inwards/Outwards Goods
 - Inwards Goods Recording
 - Physical Stock Take
 - Finalisation of The Stock Take
- 6.2 **Finance Key Performance Indicators and Duties**
 - 6.2.1 Finance Manager
 - 6.2.2 Accountant
 - 6.2.3 Business Analyst
 - 6.2.4 Senior Finance Officers
 - Prizemoney/Accounts Receivable
 - Accounts Payable
 - 6.2.5 Finance Officers
 - Accounts Receivable
 - Accounts Payable
 - Finance and Administration Officer
 - 6.2.6 Receptionist

1.1 HOW TO USE THIS MANUAL

The Queensland Racing Limited (QRL) Financial Management Practice Manual outlines the standards and procedures Queensland Racing uses to manage its finances. The manual is in three parts:

Policy Statements:

The Policy Statements codify Queensland Racing's financial management policies.

These policies provide stability to the management of Queensland Racing's finances. They also serve as a focus for the more detailed Practice Standards and will be used as reference notes to Queensland Racing's financial statements.

Practice Standards:

The Practice Standards set out the minimum internal controls that Queensland Racing officers must use to manage the organisation's finances.

Practice statements within the standards provide the basis for specific procedures contained in the next level down—the Desktop Guidelines and a fuller exposition of the accounting policies contained in the level above—the Policy Statements. The Practice Standards therefore link these two levels and provide a quick, high-level guide to all areas of Queensland Racing's financial management procedures.

Practice statements are cross-referenced to the relevant Policy Statements and can be identified as:

FM1

Wherever you see this icon, you will know that it refers to a policy statement, which can be located by reference to the list of policies in section 1.2 of this manual.

Where the icon is attached to a heading or sub-heading the icon refers to the entire section. However, where an icon is attached to a paragraph, the icon refers to the paragraph alone.

Desktop Guidelines

The Desktop Guidelines contain supplementary procedures to put the accounting policies in the Policy Statements and the Practice Standards into practice. They give specific responsibilities to Finance and Administration personnel.

1.2 LIST OF PRACTICE STANDARDS

5.1	Internal Controls
5.2	Revenue
5.3	Expenditure
5.4	Payroll
5.5	Assets, Portable and Attractive Items and Software
5.6	Liabilities

1.3 LIST OF DESKTOP GUIDELINES

6.1	Stock take Procedures
6.2	Finance and Administration

1.4 DEFINITIONS

Accrual accounting	Recognition of assets, liabilities, revenue and expenses when the economic transaction giving rise to the movement of resources occurs, irrespective of the related cash flow.
Assets	Includes Current and Non-Current Assets defined below.
Asset recognition	<p>Process of recording or incorporating an asset into the financial statements, when and only when:</p> <ul style="list-style-type: none"> (a) it has the potential to be used to continue to produce revenue for Queensland Racing; and (b) it possesses a cost or other value that can be measured reliably.
Assets register	A register of all Queensland Racing non-current physical items, which satisfy the asset recognition criteria.
Banking	The prompt depositing of moneys received into an official bank account approved by the Board of Queensland Racing.
Budget	A resource plan for a financial year expressed in monetary terms.
Capital commitments	Contracts entered into prior to end of the financial year for non-current physical assets of a type that would be disclosed as such, once purchased, in the Balance Sheet.
Categorisation	Classifying transactions into meaningful groups.
Commitments	Include both capital commitments and operating leases with a lease term of more than 12 months.
Contingent liability	A potential liability that is a result of a past transaction and is dependent upon the outcome of a future event or events (e.g. legal action against Queensland Racing where the outcome is unknown).
Current assets	<p>Cash or other assets that would in the ordinary course of operations be consumed or converted into cash within 12 months. Current assets include:</p> <ul style="list-style-type: none"> - Cash on hand and at bank - Receivables and work in progress - Prepayments - inventories (stationery, stores).
Current liabilities	Liabilities that would in the ordinary course of business be due and payable within 12 months of the end of the financial year.
Depreciation	The decline in the value of a non-current asset through wear, tear and obsolescence.
Duly authorised officer	An officer of Queensland Racing who has authority by reference to position or delegation for purchasing, incurring expenditure, human resource management and other related matters. Delegations are contained in the Instrument of Delegations approved from time to time by the Board of Queensland Racing. The duly authorised officer for non-delegated matters is the Chief Operations Manager.
Expenditure	The actual payment of moneys.

Examples include:

- cash payments (for goods and services)
- payment of contract audit fees
- payment of salaries.

Expense

Consumption or loss of future economic benefit in the form of reductions in assets or increases in liabilities of the entity, other than those relating to distributions to owners, that result in a decrease in equity during the reporting period. Unlike expenditure, expenses are recognised on an accrual basis and may be non-cash items.

Examples include:

- motor vehicle lease payments
- salaries
- depreciation (non cash item).

Instrument of Delegation

The purchasing policy document containing delegation instructions and limits which the Chief Operations Manager signs as evidence of the delegation of certain powers to various positions within Queensland Racing. This policy is an important internal control. Queensland Racing officers refer to it for guidance on authorisations required in the day-to-day operations of financial functions.

Integrated, interdependent group

A group of assets wherein each item forms a component part of a larger item (e.g. personal computer components – keyboard, processor, video display unit etc.). Components are not recorded individually in the asset register but are covered by an entry for the integrated item (e.g. “computer”).

Liabilities

Amounts owing to creditors who have supplied goods or services or for moneys borrowed. They are claims by individuals or organisations both private and public against Queensland Racing.

Examples of liabilities include:

- creditors (accounts payable)
- borrowings and repayable advances
- employee entitlements (accrued leave, long service leave, superannuation obligation) due but not paid at 30 June.

Non-current assets

Assets which Queensland Racing retains beyond the period of current operations (12 months) and are not intended for sale in the ordinary course of business. They include:

- plant and equipment
- furniture and fittings
- computer hardware and software
- leasehold improvements
- other (including library books, works of art).

Queensland Racing's threshold for the recording of individual non-current assets is \$2,000.

Non-current liabilities

Liabilities that would in the ordinary course of business not be due and payable within 12 months of the end of the financial year.

Official purposes	Resources are only to be used by Queensland Racing officers to achieve the organisation's goals. Expenditure of a private or domestic nature is excluded.
Official receipts	Computer generated reports of receipts from which individual receipts are generated as requested and where cash is received.
Operating lease	A lease under which the lessor effectively retains ownership of the leased property but where Queensland Racing is contractually committed to make payments for use of the property for a certain period.
Ownership	Means vested or legal entitlement.
Payroll	Remuneration benefits paid to employees.
Payroll system	The system for processing and recording payments to employees. Payroll-related expenditure from the payroll system is posted to the general ledger.
Payroll related expenditure	All expenditure emanating from the payroll system which must be recorded in the general ledger. This includes salaries and wages and allowances as well as income tax and superannuation payments.
Physical assets	Any asset having a physical existence, for example all categories included in the foregoing definition of non-current assets.
Portable and attractive items	Non-current physical items whose value is below the threshold recording value of \$2,000 and, which by their size, value and nature, are susceptible to theft or loss.
Portable and attractive items Register	A register of all portable and attractive items to satisfy security, maintenance and replacement imperatives.
Position assessment	A report that shows the current position of categories of accounts. The report can take many formats depending upon the subject area and reporting requirements.
Receipting	Recording of a cash inflow at the time of the transaction thus providing a record of collections in the accounting records.
Residual value	Estimation of the net amount recoverable on ultimate disposal of an asset at the end of its useful life.
Revenue	Inflow of resources into the organisation resulting from the sale of assets (e.g. plant and equipment), services performed (e.g. audit services) and the general operations of Queensland Racing.
Software	Programs or codes of instructions computer hardware uses to perform information services functions. Software can be developed internally or purchased from software vendors.
Software register	A register of all software Queensland Racing holds detailing proprietary packages purchased and installed on Queensland Racing computers to meet licensing obligations to software developers.
Stock take	The physical check of assets to verify their existence for security and asset value reporting purposes.

System appraisal

The annual review of the appropriateness of systems and procedures and of the proper functioning of controls to ensure the integrity and accuracy of the accounting systems and safeguard against loss, fraud, misappropriation and corruption.

2.0 INTRODUCTION**2.1 ROLE OF QUEENSLAND RACING**

Queensland Racing was a statutory body established as the control body for thoroughbred racing in Queensland under section 11 of the *Racing and Betting Act 1980*. Section 359 the *Racing Act 2002* provides that Queensland Racing continues as in this role.

Queensland Racing Limited is the Control Body established by, and obtaining its objects and functions from, the Racing Act 2002 and its Constitution. Queensland Racing Limited is required to conduct its financial activities with probity and accountability, in accordance with the Corporations Act 2001, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC.

FM3.1

POLICY SETTING RESPONSIBILITY

Responsibility for financial management policy setting within Queensland Racing rests with the Chief Operations Manager and then the Finance Manger and then the accountant. All policies must be authorised by the Chief Operations Manager and/ or Finance Manager before implementation.

FM3.2

DEFAULT POLICY**ADMINISTRATIVE BASIS**

Queensland Racing's Financial Management Practice Manual incorporates the organisation's current financial policies, practices and procedures into a single manual. Any new policies, practices or procedures will be incorporated as soon as possible as the need arises

If Queensland Racing officers are unsure about a policy they should contact the Chief Operations Manager or Finance Manager for interpretation.

APPLICATION

This policy provides direction where any area of Queensland Racing's financial management is not detailed in the Financial Management Practice Manual.

POLICY

If any Queensland Racing financial management policy or practice is not detailed in the Financial Management Practice Manual, the Chief Operations Manager and Finance Manager will interpret the policy by examining the following in the order of priority listed:

- **The Corporations Act 2001**
- **Australian Accounting Standards**

FM3.3

ACCOUNTING BASIS**ADMINISTRATIVE BASIS**

Accrual basis of accounting be adopted to prepare the general purpose financial reports of government departments. Queensland Racing is deemed to be a statutory body.

Accordingly, Queensland Racing's assets, liabilities, revenue, expenses and equity are required to be reported in the financial statements, thus ensuring Queensland Racing is accountable for all the assets it controls, the liabilities that it incurs and the effects of the operations for the reporting period on those items.

APPLICATION

This policy applies to the recognition, recording and reporting of all assets, liabilities, revenue, expenses and equity of Queensland Racing.

POLICY

Queensland Racing will recognise, record and report on assets, liabilities, revenue, expenses and equity on an accrual basis of accounting.

Consistent with the above, Queensland Racing will prepare general purpose financial statements in accordance with Australian Accounting Standards.

DEFINITIONS

Key Terms:

Accrual accounting
Assets
Cash accounting
Expenses
Liabilities
Revenue

FM3.4

FINANCIAL MANAGEMENT PROCEDURES MANUAL

ADMINISTRATIVE BASIS

Queensland Racing Limited (QRL) is a statutory body and the Chief Operations Manager is the accountable officer.

The Board of Queensland Racing involvement in the Finance function is through the Audit and Risk Committee. This committee assists the Board in fulfilling their oversight responsibilities by reviewing and reporting to the Board on the following matters:

- Financial integrity and reporting;
- Legal compliance;
- Business risks;
- Audit effectiveness; and
- The organisations process for monitoring compliance with laws and regulations and its code of business conduct.

This committee must meet no less than 3 times a year.

The purpose of the manual is to provide staff with a reference source for Queensland Racing's accounting policies, systems and procedures. It has been prepared in such a way as to:

- provide officers of Queensland Racing with detailed accounting procedures to assist them with their day to day administrative duties;
- provide background information on Queensland Racing's accounting policies and systems;

- assist with the training of officers of Queensland Racing in relation to the complexities of Queensland Racing's accounting systems.

To view the Queensland Racing Audit Charter, click on the link
Queensland Racing Audit Charter

The Financial Management Practice Manual is made up of three parts:

- Policy Statements
- Practice Standards
- Desktop Guidelines.

APPLICATION

This policy defines the lines of accountability within Queensland Racing and guides staff on performing their duties in managing Queensland Racing's financial resources.

POLICY

Queensland Racing will establish and maintain an up-to-date Financial Management Practice Manual. The manual will include current details of Queensland Racing's financial management policies, practices and procedures. All officers must comply with the Financial Management Practice Manual.

FM4.1

REVENUE MANAGEMENT

ADMINISTRATIVE BASIS

Systems and internal controls are to be established and maintained to monitor and ensure:

- prompt identification, assessment, levy and recording of revenue claimable
- collection of revenue receivable on or before the due date
- protection, recording and banking of collections received.

APPLICATION

This policy applies to all revenue due to Queensland Racing.

POLICY

Queensland Racing will establish and maintain adequate systems to monitor and ensure the prompt identification, assessment, levy, collection and recording of all revenue receivable.

DEFINITIONS

Key Terms

Revenue

FM4.2

ACCOUNTING FOR REVENUE

ADMINISTRATIVE BASIS

Procedures are to be established and specified in the Financial Management Practice Manual to support the systems in place to control, account for and report upon Queensland Racing's revenue.

APPLICATION

This policy applies to all revenue received by Queensland Racing.

POLICY

Procedures will be established and specified in the Financial Management Practice Manual to ensure:

- prompt recognition and recording of revenue in the accounts in a manner which allows reporting objectives and accountability requirements to be satisfied
- operational responsibility, subject to defined policy, is assigned for managing and identifying revenue however occurring or accruing.
- control over the prompt and correct assessment of revenue claimable
- revenue is safeguarded from loss and is not foregone, waived, remitted or written off except where authorised by a duly authorised officer
- gains qualifying for recognition as revenue are promptly brought to account
- accounting policies applied to recognise revenue in the accounts or as general disclosures in notes to the financial statements are defined and applied consistently.

DEFINITIONS

Key Terms:

Revenue
Duly authorised officer

FM4.3

REVENUE RECEIPT

ADMINISTRATIVE BASIS

Adequate systems and internal controls are to be established and maintained to monitor and ensure:

- prompt identification and recording of revenue claimable
- collection of revenue receivable on or before the due date
- protection, recording and banking of collections received.

APPLICATION

This policy applies to all moneys Queensland Racing receives.

POLICY

All mail will be delivered to Queensland Racing's PO Box 63 Sandgate 4017 Queensland or place of business Racecourse Road Deagon 4017 Queensland. These addresses will be displaced prominently on all relevant stationery.

Queensland Racing will establish and maintain a receipting system, which ensures:

- adequate protection prior to lodging collections at the bank
- timely recording and banking of collections received.

All receipting will be handled by authorised officers within each region.

Official receipts will not be dispatched unless requested.

Receipts will be issued for cash.

Moneys collected will be banked promptly.

DEFINITIONS

Key Terms:

{ FILENAME \p }

Banking
Official receipts
Receipting

FM4.4 BANK ACCOUNTS

ADMINISTRATIVE BASIS

All moneys under the control of Queensland Racing shall be kept at a financial institution (e.g. bank).

APPLICATION

This policy applies to all bank accounts operated by Queensland Racing.

POLICY

Queensland Racing will establish accounts at a bank determined by management. A register of bank accounts will be established and maintained showing the name of the bank and branch, the name of each account and operational arrangements for each account.

A monthly bank reconciliation will be performed between balances held at the bank and Queensland Racing's general ledger cashbook.

FM4.5 BUDGETS

ADMINISTRATIVE BASIS

Each financial year, Queensland Racing is required to provide the Board with estimates of receipts and expenditure to be collected and disbursed against certain items. Queensland Racing management uses this data to monitor revenue and expenditure.

At the end of each month and of the financial year major variances to the budget are to be investigated.

APPLICATION

This policy applies to all Queensland Racing receipts and expenditure.

POLICY

Queensland Racing will prepare an annual budget estimating total receipts and expenses of operations. The budget must be prepared and made available to the board by the June board meeting for the following financial year.

DEFINITIONS

Key Terms:

Revenue
Budget
Expenditure

FM4.6 EXPENDITURE MANAGEMENT

ADMINISTRATIVE BASIS

Adequate systems to control expenditure are to be in place. Such control needs to ensure:

- that appropriate delegated approval has been granted prior to the payment being made
- that adequate documentation is available in evidence of the validity of the payment
- the accuracy of computations
- that expenditure is recorded in the general ledger in a manner which allows reporting.

APPLICATION

This policy applies to all Queensland Racing expenditure and should be read in conjunction with the **Queensland Racing Purchasing Policy** for Delegation.

Queensland Racing will establish and maintain adequate systems and internal controls to monitor expenditure and to ensure:

- **payments are made in accordance with the Financial Management Practice Manual**
- **payments are supported by adequate documentation and appropriate delegated approval has been granted**
- **prompt identification, computation and recording of expenditure.**

DEFINITIONS

Key Terms:

Expenditure
Instrument of delegation

FM4.7

ACCOUNTING FOR EXPENDITURE

ADMINISTRATIVE BASIS

The Board of Queensland Racing requires that the Financial Management Practice Manual specify procedures to control, account for and report on Queensland Racing's expenditure.

The **Queensland Racing Purchasing Policy** provides for this.

APPLICATION

This policy applies to all expenditure incurred by Queensland Racing.

POLICY

The Financial Management Practice Manual will specify procedures for Queensland Racing's expenditure to ensure:

- **efficiency, effectiveness, economy and avoidance of waste and extravagance**
- **prompt recognition and recording of expenditure to satisfy reporting and accountability requirements**
- **expenditure is incurred only by authorised officers and for official purpose**
- **competitive procurement arrangements are in place.**

DEFINITIONS

Key Terms:

Duly authorised officer
Expenditure
Official purposes

FM4.8

PRIZEMONEY**ADMINISTRATIVE BASIS**

On 1 July 2000 the Queensland Thoroughbred Racing Board (QTRB) now known as Queensland Racing Limited (QRL) implemented a streamlined centralised prizemoney payment system. This system processes prizemoney payments to Owners, Trainers and Jockeys on a weekly basis. Prizemoney payments are processed on Thursday each week for race meetings held from Monday (10 days previous) to the last Sunday.

Prizemoney is the single biggest expense incurred by Queensland Racing and is the corner stone of QRL's relationship with participants in the industry.

APPLICATION

This policy applies to all areas of the prizemoney process.

POLICY

Queensland Racing will process and pay all prizemoney owed to participants of the industry on a weekly basis. Total expenditure will include payments for swabbed horses as soon as samples have cleared.

The prizemoney payment is a multi system process covering many different aspects of the racing industry. Please see the below links for detailed procedures of how and when prizemoney is determined and paid.

- **CPS Weekly process**
- **CPS race results**
- **CPS Owners checking**
- **Netting off**
- **Swab clearance**

FM4.9

CLUB ADMINISTRATION SUBSIDY**ADMINISTRATIVE BASIS**

During the financial year ended June 2005, Queensland Racing conducted a review of how prizemoney and club distributions were paid. The review was needed to address the issue of decreasing returns to participants due to leakage of funds in TAB clubs. The review concluded that the process of distributing funds was cumbersome with too many funding streams. As a result of the review, it was decided that all prizemoney would be paid by Queensland Racing and the clubs would receive an administration/operational subsidy. This administration subsidy would be used by the clubs to fund their day to day operations. For a more detailed explanation of the reasons for the administration subsidy, please click on the attached link (**Distribution Scheme – Clubs**)

APPLICATION

This policy applies to all areas of the club administration process.

POLICY

Queensland Racing will process and pay a monthly Administration subsidy to TAB and Non –Tab as agreed between the clubs and the board of Queensland Racing.

To view the procedure for paying the Administration Subsidy please click on the following link. (**Administration Subsidy Procedure**)

FM4.10

PAYROLL**ADMINISTRATIVE BASIS**

Conditions of employment and staff entitlements are contained in policies approved by the Board of Queensland Racing, employment contracts and relevant awards.

Queensland Racing is an equal opportunity employer, with all appointments being made on merit.

Adequate documentation must be in evidence to support payroll processing. Because of the highly computerised nature of payroll processing, care must be exercised to validate data and verify reports.

SCOPE

This policy applies to the payment of all payroll related expenses.

POLICY

Queensland Racing will establish and maintain adequate payroll systems, internal controls and procedures to ensure:

- **the integrity of payroll data held within the payroll system**
- **prompt identification, computation and recording of payroll expenditure**
- **control over leave and other payroll variations**
- **the provision of timely management information.**

Officers will be paid from the date they begin duty.

PROCEDURES

- **Payroll Process**

DEFINITIONS
Key Terms:

Duly authorised officer
 Payroll
 Payroll system
 Payroll-related expenses

FM4.11

ASSET MANAGEMENT**ADMINISTRATIVE BASIS**

Adequate systems and internal controls are to be set up to monitor assets and ensure they are:

- promptly identified and recorded in the accounting records
- deployed in an effective and efficient manner
- protected from loss.

APPLICATION

This policy applies to all non-current physical assets, comprising plant and equipment, and leasehold improvements controlled by Queensland Racing.

Other assets Queensland Racing controls are subject to Policy Statements and Practice Statements detailed in the following sections of the Financial Management Practice Manual –

<u>Asset</u>	<u>FMPM Section</u>
Cash	Revenue
Receivables and Work in progress	Revenue
Prepayments	Expenditure

POLICY

Queensland Racing will establish and maintain adequate systems and internal controls to monitor assets and to ensure they are:

- promptly recorded and that transactions are supported by readily accessible documentation
- used in an effective and efficient way as to maximise their economic benefit
- protected from theft, loss, misappropriation, damage or undue deterioration.

DEFINITIONS**Key Terms:**

Assets
 Current assets
 Non-current assets

ADMINISTRATIVE BASIS

All assets are to be claimed, acknowledged, held and registered in the name of Queensland Racing and that use of the organisation's assets for private purposes shall occur only with the written approval of the Chief Operations Manager.

Queensland Racing owns all assets it acquires and must only be used for official purposes.

APPLICATION

This policy applies to all assets controlled by Queensland Racing.

POLICY

All assets shall be claimed, acknowledged, held and registered in the name of the Queensland Racing and must only be used for official purposes.

Assets under Queensland Racing's control shall not be used for private purposes unless specifically approved by an authorised officer.

Official money shall not be kept with private money.

DEFINITIONS

Key Terms:

Assets
Current assets
Duly authorised officer
Non-current assets
Ownership

ADMINISTRATIVE BASIS

The Financial Management Practice Manual must specify the procedures and the positions or persons responsible for accounting for all assets which Queensland Racing controls.

APPLICATION

This policy applies to all non-current physical assets controlled by Queensland Racing.

POLICY

Responsible positions will be established and procedures applied consistently to account for all non-current physical assets which Queensland Racing controls.

The assets register will be reconciled to the general ledger monthly.

DEFINITIONS

Key Terms:

Assets
Current assets
Non-current assets

FM4.14 ASSET RECOGNITION – NON-CURRENT PHYSICAL ASSETS
ADMINISTRATIVE BASIS

Consistent methods must be applied to recognise and account for assets.

APPLICATION

This policy applies to all non-current physical assets Queensland Racing controls that have an individual value of \$2,000 or more. Items with a lesser value may be treated as “Portable and Attractive Items” (see Policy FM4.17).

POLICY

Queensland Racing will only recognise items of plant, property or equipment as non-current physical assets if they:

- have a useful life greater than 12 months
- can carry out their intended purpose independently of other items
- can be identified specifically, or as an integrated, interdependent group
- have an individual value or integrated acquisition cost equal to or exceeding \$2,000.

In accordance with the principles of accrual accounting, Queensland Racing will recognise assets on receipt of goods.

Queensland Racing will categorise and record all assets in accordance with prescribed requirements for control and reporting.

Items which do not meet the above requirements may be separately accounted for in a Register of Portable and Attractive Items to maintain adequate control over such items.

DEFINITIONS
Key Terms:

Accrual accounting
 Assets
 Asset recognition
 Categorisation
 Integrated, interdependent group
 Non-current assets
 Physical assets
 Portable and attractive items
 Software register

FM4.15 ACQUISITION AND DISPOSAL OF NON-CURRENT PHYSICAL ASSETS
ADMINISTRATIVE BASIS

Adequate systems and internal controls are to be set up for acquiring and disposing of assets and that such acquisition and disposal is authorised and performed by authorised persons.

APPLICATION

This policy applies to all non-current physical assets controlled by Queensland Racing.

POLICY

All acquisitions or disposals of non-current physical assets will be approved by an authorised officer. Authority limits for acquisitions and disposals are to be consistent with limits and positions stated in the Queensland Racing Limited Purchasing Policy.

Assets are to be identified by their asset number and asset type. The type of asset is classified as either:

- Buildings (Asset Number to begin with “BI”)
- Land (Asset Number to begin with “LD”)
- Plant & Equipment (Asset Number to begin with “RE”)
- Motor Vehicles (Asset Number to begin with “MV”)
- Furniture & Fittings (Asset Number to begin with “FF”)
- Office Equipment (Asset Number to begin with “OE”)
- Computer Equipment (Asset Number to begin with “CE”)
- Photo/Video Equipment (Asset Number to begin with “PV”)

Asset Numbers are to be sequential within each Type of asset.

At time of entry to or disposal from the asset register, an appropriately authorised Asset Disposal Form.xls or Asset Addition Form.xls, is required for each asset.

Gains or losses on disposal will be brought to account and disclosed in the financial statements in the year of disposal.

DEFINITIONS

Key Terms:

Assets
Non-current assets
Physical assets

FM4.16

VERIFICATION OF NON-CURRENT PHYSICAL ASSETS

ADMINISTRATIVE BASIS

Adequate systems and internal controls are to be to monitor, identify and control assets. The existence of assets are to be verified at least annually.

APPLICATION

This policy applies to all non-current physical assets controlled by Queensland Racing.

POLICY

The existence of all non-current physical assets will be verified at least annually by stock take and reconciliations of the relevant balances.

DEFINITIONS

Key Terms:

Assets
Non-current assets
Stock take

FM4.17

DEPRECIATION OF NON-CURRENT PHYSICAL ASSETS

ADMINISTRATIVE BASIS

The Chief Operations Manager is to have regard to recognised methods of depreciation and to specify in the Financial Management Practice Manual the method and the procedures for determining and recording the amount of depreciation on each class of depreciable asset.

APPLICATION

This policy applies to all non-current physical assets controlled by Queensland Racing.

POLICY

Depreciation rates used for the different classes of assets are as follows:

Queensland Racing	
Buildings	2%-7%
Plant and Equipment	
- Furniture & Fittings	6%-24%
- Motor Vehicles	15%
- Computer Equipment	10%-25%
- Plant	5%-20%

As a general policy, fixed assets are depreciated using the straight-line method except for land which depreciation is not calculated.

DEFINITIONS

Key Terms:

Assets
Non-current assets
Depreciation

FM4.18

PORTABLE AND ATTRACTIVE ITEMS

ADMINISTRATIVE BASIS

Portable and Attractive Items

Queensland Racing owns a number of items worth less than the asset recording threshold which are, by way of their size and nature, susceptible to theft and loss. These items need to be identified and recorded as part of the internal control system to reduce the risk of loss.

The system for recording these portable and attractive items needs to be cost effective, and to this end, it is appropriate to specify a threshold in the Financial Management Practice Manual for the identification of portable and attractive items.

Examples of portable and attractive items include, among other things, computers, printers, personal organisers, programmable calculators, televisions, video cassette recorders and cameras.

APPLICATION

This policy applies to portable and attractive non-current physical items under Queensland Racing's control whose value is less than \$2,000.

POLICY

Queensland Racing will maintain a register of portable and attractive items to record non-current physical items which:

- have a useful life of greater than one year
- cost less than \$2,000
- are attractive due to their small size, value and utility.

DEFINITIONS

Key Terms:

Asset register

Portable and attractive items

Portable and attractive item register

Software register

FM4.19 PORTABLE AND ATTRACTIVE ITEMS REVIEW

ADMINISTRATIVE BASIS

Portable and Attractive Items

Certain items worth less than \$2,000 are, because of their size, value and nature, susceptible to theft and loss.

While these items do not need to be recorded and depreciated for financial statement purposes, they require greater management diligence and attention to security. An annual review will verify the existence of these items and their condition.

APPLICATION

This policy applies to all portable and attractive items.

POLICY

The existence of all portable and attractive items will be reviewed at least annually for maintenance and replacement purposes.

DEFINITIONS

Key Terms:

Portable and attractive items

Software

Software register

FM4.20 LIABILITY MANAGEMENT

ADMINISTRATIVE BASIS

Adequate systems and internal controls are to be established and maintained to monitor and ensure that:

- liabilities are not incurred without proper authority
- liabilities are promptly identified, assessed and recorded
- where liabilities are incurred and identified, they are promptly extinguished by regular creditor payment runs.

APPLICATION

This policy applies to all liabilities incurred by Queensland Racing.

POLICY

Queensland Racing will maintain adequate systems and internal controls to monitor liabilities to ensure that they are incurred with proper authority and promptly assessed, recorded and discharged in the accounts.

DEFINITIONS**Key Terms:**

Current liabilities
Non-current liabilities

FM4.21

ACCOUNTING FOR LIABILITIES**ADMINISTRATIVE BASIS**

The Financial Management Practice Manual specifies the methods and the positions responsible for accounting for all liabilities which Queensland Racing will be required to settle.

Information relating to liabilities which may eventuate from a contingent event must be disclosed in the financial statements.

Contingent liabilities can take either of two forms:

- the amount can be reliably measured but actual incurrence of liability is uncertain
- the incurrence of liability is certain but the amount is uncertain.

Disclosure of information relating to capital commitments provided or entered into is relevant to the users of the financial statements.

APPLICATION

This policy applies to all liabilities incurred by Queensland Racing and to capital commitments provided or entered into as at 30 June each year. This policy also applies in all circumstances which Queensland Racing may incur a liability.

POLICY

Queensland Racing will establish procedures and responsible positions to ensure consistent accounting for liabilities.

Queensland Racing will assess its exposure to events, which may create a contingent liability as at 30 June each year.

Queensland Racing will assess capital commitments, which may need to be disclosed in the financial statements as at 30 June each year.

DEFINITIONS**Key Terms:**

Liabilities
Capital commitments
Commitments
Contingent liability
Current liabilities

FM4.22

SYSTEMS APPRAISALS

ADMINISTRATIVE BASIS

Systems for all areas of financial responsibility are to be appraised.

Accounting systems and procedures must be reviewed regularly to ensure their integrity and accuracy and safeguard against losses, fraud, misappropriation and corruption.

Systems appraisals are an overriding control for Queensland Racing's financial systems. They provide confidence that Queensland Racing's financial information is reliable and the system is operating as intended.

APPLICATION

This policy applies to Queensland Racing's financial systems and procedures involving revenue, expenses (including payroll), assets and liabilities.

POLICY

During each financial year a systems appraisal will be undertaken to determine the proper functioning of internal controls and the appropriateness of procedures in the following areas of financial responsibility:

- Revenue
- Expenditure
- Assets
- Liabilities.

DEFINITIONS

Key Terms:

Assets
Expenditure
Liabilities
Payroll
Revenue
System appraisal

FM4.23

POSITION ASSESSMENTS

ADMINISTRATIVE BASIS

In addition to recording information to meet financial reporting requirements, Queensland Racing requires that its accounting systems provide information for position assessments.

A position assessment is essential for proper financial management and avoidance of unexpected results or problems when end of year financial statements are prepared.

Monthly position assessments which detail the financial position for revenue, expenditure, assets and liabilities are prepared for presentation to the Board of Queensland Racing. As well as financial data, commentary is provided to inform the Board of the current financial position and expectations of future

performance with respect to Queensland Racing's overall budget. In this way the position assessment provides the Board and senior management with the opportunity to intervene where necessary.

APPLICATION

This policy applies to all of Queensland Racing's accounting systems, which include revenue, expenses, assets and liabilities.

POLICY

During each month of each financial year, position assessments in respect of revenue, expenditure, payroll, current assets, projected cash flows and current liabilities will be undertaken. Furthermore, an annual position assessment of all assets and liabilities will be completed.

DEFINITIONS

Key Terms:

Assets
Expenditure
Liabilities
Payroll
Position assessment
Revenue

FM4.24

INTERNAL CONTROL

ADMINISTRATIVE BASIS

The accountable officer is responsible for maintaining an efficient and effective accounting system. A system of internal controls helps ensure accounting information is complete, correct and is recorded in a timely manner. Queensland Racing's internal controls operate under a risk-management framework that recognises that internal controls should be cost-effective and appropriate to the level of risk

APPLICATION

This policy applies to all procedures associated with Queensland Racing's accounting systems including revenue, expenditure including payroll, assets, and liabilities and associated management systems.

POLICY

Adequate internal control systems and reporting mechanisms will be maintained to allow the Chief Operations Manager, as the accountable officer,

These controls also enable the Chief Operations Manager to monitor Queensland Racing's financial management and ensure compliance with legislation, government policy, Australian Equivalent to International Financial Reporting Standards (AEIFRS), Australian Accounting Standards the Corporations Act 2001, Queensland Racing's Financial Management Practice Manual and other policies.

DEFINITIONS

Key Terms:

Internal controls

FM4.25

RETENTION OF ACCOUNTING RECORDS**ADMINISTRATIVE BASIS**

Accounting records are books or documents (including electronic media) containing or evidencing some or all of Queensland Racing's activities, or containing or supporting a transaction, entry or account. Examples of accounting records are:

- a book of account
- subsidiary ledger
- invoice voucher
- contract
- internal report
- minutes of meetings.

It is important for Queensland Racing to retain all accounting records in their original form for the following reasons:

- public scrutiny
- legislative requirements
- legal disputes
- audit trail.

SCOPE

This policy applies to all accounting records including those on electronic media as outlined above.

POLICY

Queensland Racing will retain all accounting records in their original form, or in a form admissible in evidence in any legal proceeding, for a period of at least 12 months after the completion of the audit for the period to which the records relate. The records will be further retained until:

- **they are no longer likely to be required as evidence or for any audit purposes**
- **the expiration of any relevant retention period authorised by a duly authorised officer or as specified in the Act, the Public Finance Standards or law of the State or Commonwealth**
- **they are no longer of historical significance**
- **a duly authorised officer has approved that they be destroyed.**

DEFINITIONS***Key Terms***

Duly authorised officer

FM4.26

INSURANCE

Queensland Racing has in place a number of insurance policies that cover a wide range of risks. These policies cover both Queensland Racing's and a number of specified affiliated bodies.

All insurance matters are the responsibility of the Finance Manager.

The range of insurance policies in place includes the following:

- Industrial special risks
- Public and products liability

- Professional indemnity
- Staff travel
- Motor vehicle
- D&O & CO Liability
- General Property
- Workers Compensation with Workcover QLD

Queensland Racing's insurance policies are subject to the terms, conditions, exclusions and limitations as expressed in the respective policy wordings and nothing contained in this document affects their force.

Reporting Losses

Queensland Racing is required to give notice in writing to the relevant insurer, of any incident likely to result in an insurance claim, within 30 days of the occurrence of the incident. Failure to do so may prejudice any entitlement to insurance compensation.

In order that Queensland Racing can protect its position, any incident likely to result in an insurance claim must be reported directly to the Finance Manager

FM4.27

TAXATION

ADMINISTRATIVE BASIS

Queensland Racing is currently exempt under section 50-45 of the Income Tax Assessment Act from taxation in respect of income tax and capital gains tax

Where a potential taxation liability cannot be avoided, that is, by taking another action, steps to minimise such tax effect should be considered where this is possible.

It is imperative that Queensland Racing is not involved in any arrangement to avoid tax through the creation of artificial arrangements.

Fringe Benefits Tax

Queensland Racing Limited and its controlled entities are, by virtue of Section 50-5 of the Income Tax Assessment Act 1997, exempted from the liability to pay income tax. However, the Fringe Benefits Tax Assessment Act 1986 imposes the liability to pay FBT. FBT is assessed annually with the year of tax commencing on 1 April and ending on 31 March. FBT is administered on the basis of self-assessment. Where a FBT liability exists, the employer must lodge an annual return together with the tax payable by 21 May. Please click on the below hyperlink to see the full FBT policy

FBT Policy

Goods and Services Tax (GST)

Goods and services tax (GST) was introduced on July 2000. It is a broad-based tax of 10% on sales or supplies of most goods, services or other items sold or consumed in Australia.

GST is paid at each step in the supply chain. GST-registered organisations must include GST in the price of goods and services they supply or sell, unless the sale is GST free or input taxed.

Queensland Racing is registered for GST purposes. Queensland Racing's Australian Business Number is **93 116 735 374**.

Majority of Queensland Racing's fees and charges will be subjected to GST. Queensland Racing must apply a flat rate of 10% to these charges.

GST paid or collected is identified in the general ledger system by the T6 code. Various different codes reflect how the GST will be treated.

ACQUISITION CODES (PURCHASES)

AP	ADJUSTMENTS PURCHASES	Use this code to make adjustments to GST where QLD Racing has purchased and paid for an item in a tax period and the supplier alters the price in another period. Use this code where the GST increase or decreases.
G	10% NON-CAPITAL PURCHASES	Use this code where the standard 10% GST is being charged.
GC	10% CAPITAL PURCHASES	Use this code for the purchase of Capital items where a standard 10% has been charged.
SB	STANDARD 10% ITC BLOCKED	Use this code where the standard 10% has been charged and where the input tax credit is blocked. I.e. Client Entertainment.
P	GST FREE PURCHASES	Use this code for purchases where no GST is charged to Queensland Racing. I.e. Food
PE	EXEMPT PURCHASES (NO RATE)	Use this code for purchases which are exempt from GST
X	GST NOT APPLICABLE	This code is to be used for all payroll transactions and where GST is not applicable. I.e. internal transfers between accounts.

SUPPLIES CODES (SALES)

AS	ADJUSTMENT SALES	Use this code where QLD Racing invoices in one period and there is a subsequent adjustment to the price in a subsequent period. Use this code for adjustments where the GST either increases or decreases.
E	EXEMPT (NO RATE)	Use this code where QLD Racing invoices are exempt from GST. They differ from GST free because they are not caught by the GST net. All Licenses and registrations are GST exempt.

F	GST FREE SUPPLIES	Use this code where sales by QLD Racing are GST free. IE food and education etc.
S	STANDARD 10% GST ON SALES	Use this code where sales by QLD Racing are subject to standard 10% GST.
X	GST NOT APPLICABLE	This code is to be used for all payroll transactions and where GST is not applicable. I.e. internal transfers between accounts.

GST collected and the GST paid, for which Queensland Racing is entitled to a refund, is charged against the respective GST clearing accounts. The resulting balance is remitted to the ATO on a monthly basis by the 21st of the following month. BAS are completed on monthly basis for both PAYG and GST and lodged electronically the ECI software.

Payroll Tax

Queensland Racing is liable to pay Payroll Tax under the Payroll Tax Act of 1971. The rate of tax is 4.75% and is payable on certain payroll costs as defined by the legislation. Payroll tax is due and payable by the 7th of the following month.

PROJECT MANAGEMENT

ADMINISTRATIVE BASIS

Queensland Racing is an industry that faces a significant challenge to improve the quality of its product and program, increase market appeal and drive improved financial reporting performance.

This procedure has been prepared to provide guidelines to officers of Queensland Racing Ltd in relation to scoping and making payments for projects and assist in controlling costs of projects/initiatives.

The purpose of this procedure is:

1. To provide guidelines for managing projects/initiatives.
2. To provide a format for recording the progress of the project/initiatives.
3. To provide a means of improving the way we manage projects/initiatives.

This procedure will have achieved its objective if there is a steady improvement in the standard of completed projects/initiatives. Projects/initiatives are measured by how well they satisfy the 3 main constraints: time, cost and function. How long did it take? What did it cost? How well did it satisfy the requirements of Queensland Racing and its stakeholders? The key objective is to maximise consistency in outcomes, measurable in terms of budget, time and quality performance.

1. Identify project or initiative.
2. Identify project manager and users. The role of the project manager is to Plan, coordinate, direct and supervise the activities of the project to ensure that the project is completed within agreed budgets and timeframes and in accordance with Queensland Racing's requirements. The project manager must take overall responsibility for delivering the project on time, on budget and in accordance with the proposal.
3. Scope the project and outline estimated costs and time frames for completion.
4. Prepare a Project Outline which gives a general overview of the project(s) complete with key information to assist tenders to gauge the scope of work.
5. Acquire appropriate approval from the Chief Operations Manager for the Project to proceed.
6. Ensure the project has been included in the budget and is authorised by the Finance Manager.
7. Once authorisation has been obtained the Finance Manager will provide a cost project code to be used for all revenue and expenditure related to the project/initiative.
8. The Project Manager is responsible for ensuring that the project and maintenance of costs is in accordance with Queensland Racing Purchasing Policy
http://intranet/downloads/policies/FIN_pol002_PurchasingPolicy.pdf
9. Variations totalling more than of 10% of the Contract Sum must be approved by the Finance Manager through to the Chief Operations Manager. Any cost that will cause the financially approved project budget to be exceeded must be approved by Finance Manager, through the Chief Operations, before the cost is incurred.
10. The project manager is responsible for the budget and the project status, budget, forecast expenditure, cash flow and progress and provide a report to the Finance manager and Chief Operations Manager

The Project Status Report should be kept on the project file and/or on the computer network in the directory G:\Admin\Projects where it can be readily accessed by others but modified only by the relevant Project Manager.

PROJECT MANAGEMENT CHECKLIST

PROJECT TITLE: _____

Project Cost Code No.: _____

Obtain Finance Manager and Chief Operation Manager approval to Budget changes
Maintain a current Project Status Report in the following worksheets:-

A - Summary

B – Budget and Payments

C - Cash flow

D - Contacts

E - Expenditure

- Maintain a current estimate
- Maintain a current Scope of Works (Brief, drawings, quotations etc)
- Prepare Purchase Orders for all commitments
- Recommend for payment all valid Invoices etc
- Certified for Payment Stamp
- Pay consultants in accordance with Conditions of Contract. Do not exceed stage payments prior to Finance Manager Approval
- Check transactions on relevant Queensland Racing accounts in the Queensland Racing Ledger
- Maintain project files
- Advise all parties affected by Project
- Review current Asset Management Program/Budget
- Obtain Chief Operations Manager approval to proceed
- Complete Project Initiation
- Obtain Project/Initiative cost code Number.
- Appoint Project Manager
- Prepare Project Cost Estimate
- Obtain Funding Authorisation to Proceed
- Arrange Insurance if required (notify Finance Manager)

FM4.29

EMPLOYEE TRAVEL

ADMINISTRATIVE BASIS

This policy should be used when Queensland Racing Limited employees travel at the request of their senior manager or on authorised company business or for such purposes applicable to other policies (e.g. relocation).

This policy is applied to travel on a case by case basis and all points contained within this policy are subject to agreement and at the complete discretion of Queensland Racing Limited.

SCOPE

This policy applies to all instances of employee travel

POLICY

Queensland Racing has developed a travel policy which details what is required of the employee and management with regards to all travel undertaken. The objective of the policy is to:

1. Inform effected staff of the policy, requirements and procedure when travelling
2. Enable travel in the most efficient manner possible
3. Ensure the most cost effective travel for Queensland Racing Limited

Please click on the link below for the full travel policy.

Queensland Racing Travel Policy

Please click on the link below for the full QRL expense reimbursement policy.

Expense Reimbursement Policy

FM4.30

INFORMATION SYSTEMS IN FINANCIAL MANAGEMENT**ADMINISTRATIVE BASIS**

The Queensland Racing IT Department support a number of information systems used in the financial management function. Some of these systems are listed below.

- Sun Systems and associated companion products
- Horses Licensing & Prizemoney system.
- Meridian Payroll System
- CONNX Human Resource System
- Windows XP
- Interactive Internet based applications (e.g. Q Fleet, Q Super and NAB)

Policies and procedures for the use of these systems are contained all through the FMPM. Individual policies relating to the evaluation, purchase and development of information system are currently being prepared as part of the IT department response to the internal audit undertaken by Deloitte. These policies will become part of the FMPM once complete. The estimated completion date, 31 March 2008.

5.0 PRACTICE STANDARDS

FM4.23

5.1 INTERNAL CONTROLS

5.1.1 Objectives

The Queensland Racing's system of internal control has been designed to achieve the following objectives:

- that transactions are executed in accordance with management's general or specific authorisation
- that all transactions and events are promptly recorded in the correct amount, in the appropriate accounts and in the accounting period in which secured so as to permit preparation of financial information within recognised accounting policies and to maintain accountability for assets
- that access to assets is permitted only in accordance with management's authorisation
- that the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

5.1.2 Internal Control System

Internal controls are Queensland Racing's plans, policies and procedures which assist in achieving an orderly and efficient conduct of its business. These controls include:

- verification of adherence to management policies
- safeguarding of assets
- prevention and detection of fraud and error
- accuracy and completeness of accounting records
- timely and meaningful preparation of financial information.

Other non-accounting considerations are:

5.1.3 Organisational Structure

Queensland Racing's organisational structure serves as a framework for the direction and control of its activities. An effective structure provides a framework for the delegation of authority and the scope of responsibilities as set out in position descriptions/role profiles and various Queensland Racing policies.

Jobs are designed to preclude an individual from overriding the control systems and should provide for the segregation of incompatible functions. Functions are incompatible if their combination permits errors to go undetected or fraud and its concealment.

Organisational Charts

- Board and Management
- IT & Communications
- Licensing & Training
- Racing Services
- Legal & Compliance
- Finance
- Integrity

5.1.4 Management Supervision

As part of its supervisory responsibility, Queensland Racing management should review the adequacy of internal control on a regular basis to ensure that controls are operating effectively. This is carried out formally through systems appraisal, review of work done and quality assurance reviews and informally through mechanisms such as random checks.

5.1.5 Personnel

The proper functioning of any system depends upon the competence and honesty of those operating it.

The qualifications, personal qualities and training of personnel are therefore important ingredients of an effective internal control system. Queensland Racing's system of recruitment and selection and ongoing annual staff training forms part of this internal control system.

5.2 REVENUE

FM4.1

5.2.1 Introduction

The Chief Operations Manager is responsible for controlling and accounting for all revenue receivable. Systems are maintained to ensure the:

- prompt identification, assessment, levy and recording of all revenue claimable
- collection of revenue receivable on or before the due date
- protection, recording and banking of collections received.

FM4.2
3

Adequate internal controls will be relied upon to monitor the effectiveness of procedures associated with these systems.

5.2.2 Scope

This Practice Standard sets out the minimum guidelines, which must be followed by Queensland Racing officers in the control of, accounting for and reporting of revenue receivable.

This Practice Standard includes the following Practice Statements:

- Identification and Control of Revenue
- Sources of Revenue
- Raising and Accounting for Revenue
- Segregation of Duties
- Collection of Mail
- Recording of Revenue and Banking
- Control of Debtors
- Reconciliations
- Reporting of Revenue.

FM4.2

5.2.3 Identification and Control of Revenue

The necessary procedures associated with identification and control of revenue shall be established and specified in this manual with the objective of ensuring:

FM4.2

- prompt recognition and recording of revenue in the accounts in a manner which allows reporting objectives and accountability requirements to be satisfied
- revenue due and receivable will be correctly assessed and levied promptly
- revenue is safeguarded from loss and is not foregone, waived, remitted or written off except where approved by a duly authorised officer.

FM4.2

5.2.4 Sources of Revenue

The bulk of revenue emanates from the Product and Program Agreement and fees levied under Section 35 of the *Racing Act 2002*.

Other revenue comprises sale proceeds of property, expenditure recovered, fines and miscellaneous receipts.

FM4.2

5.2.5 Raising and Accounting for Revenue

Licence Fees

P2

Licence fees must be raised in accordance with the *Racing Act* and Queensland Racing's Fees Policy.

The following controls must be in place:

- A copy of the authorisation must be placed on the relevant file.
- A separation of duties must exist between authorisation and data entry to the financial system.
- All data entry must be checked by an independent officer and certified correct prior to dispatching the invoice to the debtor.
- Invoices must be attached to a covering letter for forwarding to the debtor and a copy of the invoice and covering letter is attached to the relevant licensee file.

5.2.6 Segregation of Duties

FM4.23

Where practicable, accounting duties are effectively segregated so that the following functions are performed by different officers:

- Mail collection and opening
- Assessment of revenue
- Receipting
- Debtors Reconciliations
- Bank Reconciliation.

Where staffing does not allow full segregation of duties, compensating controls must be in place. Queensland Racing has developed and implemented a Security Matrix in its core financial accounting system (SUN). This Matrix enforces segregation of tasks.

5.2.7 Collection of Mail

FM4.2

Inward Mail

Priority paid, certified mail, security post and other special mail must be recorded in a register and forwarded intact to the addressed officer who is required to sign the register.

Inward mail must be opened by two officers.

All moneys must be entered immediately in the Cash by Post/Receipt Entry record.

Cheques or other negotiable instruments received by mail and found to be irregular must be noted in the Cash by Post record and returned to the sender.

The cash by post must be reviewed daily by an independent accounting officer who ensures that such collections have been properly processed.

FM4.3

Receipting

Receipts must be issued for all collections.

Receipts will be dispatched upon request.

In the absence of express authorisation to the contrary, all receipting will be handled by officers within Finance and Administration Section.

In the event of the cancellation of an official receipt due to an error or for any other reason, the original transaction record must be preserved intact and the original and every copy of the receipt issued will be marked clearly as being cancelled. The entry cancelling the transaction must be verified by a supervising officer.

5.2.8 Recording of Revenue and Banking

FM4.2

Recording of Revenue

Collections received including those on account must be recorded promptly within the cash book with transactions also recognised in appropriate ledger accounts and/or subsidiary accounts to allow reporting of:

- collection suspense items
- contra items
- collections on account of operations, extraordinary items and proceeds from disposal of an asset.

Post Dated and Irregular Cheques

All post dated and irregular cheques will be investigated by the Finance Manager prior to banking and returned to the sender where banking action will not result in availability of funds.

A record of such investigations will be made and the Cash by Post/Receipt Entry form noted and initialled by the Finance Manager.

FM4.4

Banking

Each day's collections must be banked into an authorised Queensland Racing bank account on the day of receipt or within 24 hours.

Where moneys collected are held overnight, they must be kept in a locked safe. Strict security must be exercised to safeguard moneys being taken to the bank.

The deposit slip must record the total cash received and particulars of individual cheques included in the banking. The deposit slip must be referenced with the receipt numbers included in the deposit.

FM4.23

The deposit slip must be checked by an independent accounting officer who certifies to the completeness and accuracy of the daily banking before and after banking to certify that the banking has been properly carried out.

Dishonoured Cheques

On receipt of advice from the bank that a cheque has been dishonoured, the Chief Operations Manager shall communicate with the drawer of the cheque and make arrangements and take appropriate action to ensure fair value is received for the goods or services provided or rendered.

Where, after communication with the drawer, the Chief Operations Manager establishes that there is a chance of settlement by re-presentation; the cheque must be rebanked as a separate deposit clearly identifiable as a dishonoured cheque re-presentation.

Where it is established that settlement by re-presentation is not viable, the Chief Operations Manager must take action to seek payment by other means.

Moneys received in settlement for a dishonoured cheque must be banked separately without receipt and cross-referenced to the original receipt form.

The Board must be notified where action to clear a dishonoured cheque has not been successful after a period of one month. In such cases the financial records must be changed to reflect the dishonoured cheque situation.

FM4.3

Suspense Items

Items that are held in suspense include instances in which the payment details cannot be readily identified. Such items are receipted, banked and recorded in a suspense account in the General Ledger.

The balance of the General Ledger suspense account is reviewed monthly and action taken to clear the balance to a miscellaneous Revenue Ledger account the following month where the payment details are still not identifiable. Where, after investigation, the payment details are identified the amount is transferred to the appropriate Revenue Ledger account. Refunds are made directly from the suspense account where investigation reveals that the amount is not a Queensland Racing payment and a refund is appropriate.

FM4.2

5.2.9 Control of Debtors

Invoices or notifications of charges must be forwarded to debtors promptly.

A debtors' control account must be maintained in the sundry debtors system to ensure prompt and accurate recording of all transactions relating to:

- Debts due to Queensland Racing
- payments received on account of invoices raised or to be raised
- credits allowed in respect of charges previously raised
- write-offs and other adjusting entries.

The balance of the control account must be reconciled with the total of individual debtors' accounts at least monthly.

All debtor amounts claimable must be:

- subject to a prompt claim for payment by issue of an invoice
- recorded in a control account
- where outstanding in excess of allowable ageing, referred to audit for appropriate follow-up.

Credit notes must only be issued on receipt of a request signed by an authorised officer.

Accounts must not be written off unless approved by an authorised officer.

Each month a summary aged report must be prepared setting forth the total amount outstanding.

FM4.22

A review of any amounts included where collection is considered improbable and for which, where appropriate, a provision for doubtful debts ought to be recognised, is included in the quarterly position assessment.

The following link is Queensland Racing's **Credit Policy**.

FM4.2

5.2.10 Reporting of Revenue

Monthly Reports

At the close of each month reports must be prepared for management that include an aged analysis of accounts receivable and comparisons of actual revenue received (to date) against estimates.

Annual Financial Statements

At the close of the financial year, Queensland Racing's revenue will be reported in the financial statements in the annual report in accordance with the Australian Accounting Standards.

FM4.2
2

Revenue will be the subject of monthly position assessments.

FM4.21

Annual systems appraisals will be performed to establish the existence and functioning of controls.

5.3 EXPENDITURE

FM4.6

5.3.1 Introduction

The Chief Operations Manager and Finance Manager are responsible for the control of and accounting for Queensland Racing's finances.

To fulfil this responsibility, systems and internal controls shall be established and maintained within Queensland Racing to monitor and ensure:

- payments are made in accordance with the procedures contained in the Financial Management Practice Manual (FMPM)
- payments are supported by adequate documentation and appropriate delegated approval has been granted
- prompt identification, computation and recording of expenditure incurred
- efficiency, effectiveness, economy and avoidance of waste and extravagance.

FM4.23

Adequate internal controls will be relied upon to monitor procedures associated with these systems.

5.3.2 Scope

This Practice Standard sets out the minimum guidelines, which must be followed by Queensland Racing officers in the control of, accounting for and reporting of expenditure.

This Practice Standard includes the following Practice Statements:

- Identification and Control of Expenditure
- Segregation of Duties
- Purchase Commitments and Authorisation
- Invoice Claims/Processing
- Preparation for Payment
- Payment Certification
- Payment Processing
- Cash Payments and Accountable Advances
- Credit Cards
- Recording of Expenditure in the Ledger
- Special Payments
- Gifts
- Losses
- Accountable Forms
- Legal Documents
- Conflicts of Interest
- Reporting.

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5.3.3 Identification and Control of Expenditure

The necessary procedures associated with identification and control of expenditure will be established and specified in this manual with the objective of ensuring:

FM4.7

- prompt recognition and recording of expenditure in a manner that allows reporting objectives and accountability requirements to be satisfied
- systems of approval and control are in place and are adequate to ensure expenditure is only incurred for an authorised (official) purpose which shall be recorded
- competitive procurement arrangements are in place

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- operational responsibility is assigned for the management of expense in terms of strategic plans and of identifying expense otherwise occurring or accruing
- that the accounting policies to be applied in the recognition of expenditure in the accounts and/or as general disclosures in notes to the financial statements are defined and consistently applied.

5.3.4 Segregation of Duties

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Where practicable, accounting duties are effectively segregated so that the following functions are performed by different officers:

- authorisation to incur expenditure
- issue of purchase orders
- preparation for payment
- payment certification
- signing cheques
- dispatching cheques.

Where staffing does not allow full segregation of duties, compensating controls must be in place. Queensland Racing has developed and implemented a Security Matrix in its core Financial system (SUN). This Matrix enforces segregation of tasks.

5.3.5 Purchase Commitments and Authorisation

Specific processes and procedures include:

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- Purchase of all goods, equipment and services is subject to Queensland Racing policy
- Purchase commitments must only be initiated when the expenditure is properly authorised by a duly authorised officer
- Budget holders are responsible for ensuring and certifying that funds are available
- Purchase commitments must be promptly recorded in the financial system.

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5.3.6 Invoice/Claims Processing

Specific processes and procedures include:

- Goods received must be promptly acknowledged and delivery advice must be promptly recorded in the accounting system.
- Invoices/claims must be delivered direct to a Finance Officer from mail opening and promptly and properly recorded into the accounting system.
- Invoices must be matched to purchase orders, delivery advices and other relevant documentation for price, quantity and other details.
- Invoices, purchase orders and delivery advices which lack other supporting documentation for payment must be investigated and followed up.
- Under no circumstances must creditor's monthly statements be used as supporting documentation for payment purposes. Such statements are intended for invoice verification purposes only and outstanding invoices identified must be followed up with the creditor concerned and duplicate invoices obtained where appropriate.
- Material price variations between the invoice and the approved purchase order must be brought to the attention of the approving officer who authorises the variation. Where such variation takes the total cost over that officer's delegation, the variation must be approved by an officer with appropriate delegation.
- When an order is oversupplied, relevant authorisation is required before payment can be made.
- When duplicate invoices or other documents are used for payment they must be investigated and endorsed "Not Previously Paid" prior to payment.

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5.3.7 Preparation for Payment

All supporting documentation must be attached to a data entry input/voucher form that contains all information relevant to the payment of the claim.

Documentation must be recorded and filed in voucher number order for future reference.

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5.3.8 Payment Certification

All prepared vouchers must be examined by an independent accounting officer to ensure the voucher is in order prior to input to the financial system.

Following data entry to the financial system an independent accounting officer must review system data entry validation reports and payment documentation prior to payment release.

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5.3.9 Payment Processing

Specific processes and procedures include:

- Payment must be made by cheque or Electric Funds Transfer (EFT). Click on EFT procedure...\\EFT PROCEDURE.doc
- All cheques must be drawn to the order of the payee and crossed by two transverse parallel lines having between the words "Not Negotiable - Payee Only".
- All cheques are pre signed and must be kept in the safe and must be drawn and authorised must be signed promptly by an officer with an appropriate delegation.
- Cheques drawn must be dispatched by officers other than those who prepare, examine and certify payment vouchers.
- All manual cheques must be promptly recorded in the financial system.
- Bulk stock of cheque forms, at both the storeroom and cheque drawing office, must be kept under the control of approved officers and stored in locked areas. A register of cheque form stocks must be maintained.

Expenditure Control Reports

As discussed above, data entry validation reports must be generated, checked and signed prior to cheque production. In addition, cheque control reports must be generated and checked against vouchers and cheques produced before the signing officer signs and releases cheques. The voucher form must also be signed by the cheque signing officer at this time.

All additions, deletions and amendments to creditor master file records must be checked by the Senior Finance Officer prior to the next cheque run and against system audit reports on a regular basis.

Cheques in Lieu

Where payment is made by cheque and the payee, after reasonable time has elapsed, claims not to have received the cheque, the Senior Finance Officer shall commence procedures to produce a cheque in lieu as follows:

- a search must be made of bank records to verify that the cheque has not been presented
- a stop payment is then effected at the bank which indemnifies Queensland Racing against loss should the cheque be presented subsequent to the stop payment date
- where a timing difference occurs between the presentation verification date and the effective date of the stop payment a further search of bank records must be made prior to issuing the cheque in lieu
- an indemnity declaration signed by the payee is also required prior to issuing the cheque in lieu
- all relevant documentation, including certifications that the above procedures have been followed and all conditions required for the production of a cheque in lieu have been satisfied, must be presented to the Finance Manager for approval prior to issuing the cheque in lieu

- once issued the financial records must be updated to reflect the cheque in lieu.

Unpresented and Unclaimed Cheques

Cheques that remain unpresented after three months must be investigated to ascertain the reason for non-presentation. Where it is ascertained that the payee did not receive the cheque, a cheque in lieu must be arranged as detailed above.

Where the payee cannot be contacted and where the cheque remains unpresented for more than 15 months, the Senior Finance Officer must arrange for the Senior Finance Manager to authorise the cancellation of each outstanding cheque..

Where, subsequent to unpresented cheque funds being remitted to the original payee, the Senior Finance Officer must obtain authorisation from the Finance Manager to enable a fresh cheque to be provided to the payee. Under such circumstances full details must be in evidence, including a cross reference to the original cheque, to support the payment.

Where a cheque is drawn by Queensland Racing and is subsequently returned unclaimed, the Senior Finance Officer must enter the cheque details in a register of unclaimed cheques for presentation to the Finance Manager who will sign and take possession of the unclaimed cheque and place in safe keeping until such time as an investigation is complete.

The Senior Finance Officer must investigate the circumstances of the cheque and report findings and appropriate action to the Finance Manager.

Where the Senior Finance Officer is satisfied that the cheque can be forwarded again to the payee, the Finance Manager will release the cheque to the Senior Finance Officer who will sign the register and forward the cheque to the payee.

Where, after investigation, the cheque was found to be processed in error, the cheque must be cancelled and appropriately recorded in the financial system.

Where it is established that the payee cannot be contacted after two weeks, the cheque details must be altered in the name of Queensland Racing and receipted and banked to the Collection Account.

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5.3.10 Cash Payments and Accountable Advances

Cheques payable for petty cash, advances to staff for travelling expenses, net salaries and the like may be opened by an authorised drawing officer by endorsing thereon "please pay cash". The issue of an open cheque must be recorded on the relevant voucher or in an appropriate register. A suitable acquittance must be obtained for disbursements made by an open cheque.

Specific processes and procedures include:

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- A record of accountable advances must be kept and reporting arrangements will be established for reconciliation purposes.

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- Imprest or other advances must be accounted for at least monthly by means of a certified return indicating the:

- amount of imprest;
- opening balance held;
- sums received and disbursed during the period of the return; and
- closing balance held.

- Such a return forms the basis of recoupement of the advance where accompanied by substantiation of payments made.

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- Payments from an accountable advance must be properly authorised and supported by a voucher or other transaction record.

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- Where all or part of any imprest advance is determined to be no longer required for the purpose advanced, it must be repaid within 14 days.
- Temporary cash advances, including anticipated travelling expenses, must only be made for specific purposes and for specific periods. The recipient of the advance must be advised of the

obligation to either account for use of the advance or arrange for repayment within seven days of the end of such period.

Petty Cash

The Senior Finance Officer shall keep the petty cash imprest account to a value as determined from time to time and may:

- pay from that account claims for the supply of goods or rendering of services of a petty cash nature up to but not exceeding \$50.00
- advance to an authorised officer such sums as are required for official Queensland Racing use of up to, but not exceeding, \$50.00.

Where claims or advances exceeding \$50.00 are required, the Finance Manager may, where considered appropriate, authorise such claims or advances up to, but not exceeding, \$100.00. Such claims or advances must only be authorised in emergent situations where the satisfaction of such claim or advance by other means would be administratively inefficient.

Claims or advances in excess of \$100.00 must not be handled through the petty cash imprest account.

The petty cash imprest account must be recouped regularly to ensure sufficient funds are available to satisfy claims and advances.

The Finance Manager must check the account balance on an ad hoc basis as a control over the accountable advance held by the Senior Finance Officer.

Franking Machine

The Senior Finance Officer shall keep the franking machine imprest account to a value as determined from time to time and:

- may dispatch official mail through the franking machine on a daily basis; and
- must keep a postage book to record all official mail.

The postage book must keep a daily balance of the imprest account which must be checked against the available daily balance held on the machine.

The Finance Manager must check the postage book and machine balance on an ad hoc basis as a control over the accountable advance held by the Senior Finance Officer.

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5.3.11 Credit Cards

Queensland Racing uses the following credit card facilities:

<u>Type of Card</u>	<u>Cardholder</u>
Corporate (National Australia Bank)	Restricted to Executive officers for expenditure incurred on official entertainment and travelling.
Fuel (BP)	QRL staff driving official vehicles in terms of their contract of employment. All staff driving Q-Fleet and hire vehicles for official purposes.

The following conditions governing the use of credit cards prevail:

A register of cards must be established and maintained to exercise control over the issue and use of cards.

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Only authorised charges may be made against the credit organisation.

Cards must be secured at all times against unauthorised use.

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Internal control measures must be sufficient to ensure cards are used for official purposes only and that any misuse is detected promptly and reported to the Board.

Credit organisations are to supply Queensland Racing with monthly statements or records of transactions and balances.

Officers using a credit card must obtain or otherwise maintain particulars of transactions including supporting invoices and dockets duly signed. The documentation must be forwarded promptly to an accounting officer for attachment to the credit card transaction record for the purposes of sustaining the official use of the card and settlement of the amount within the required period.

With fuel or oil purchases, the vehicle's odometer reading at the time of purchase must also be recorded on the invoice/docket.

On receipt of a card, cardholders must be made aware of the conditions of use of official credit cards.

An accounting officer must match the dockets to the statements received from the credit card organisation.

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Cards must not be used for cash withdrawals or cash advances.

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The dockets or a summary of these dockets showing the charges incurred by the use of credit cards must be properly authorised by a duly authorised officer.

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5.3.12 Recording of Expenditure in the Ledger

Specific procedures include:

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- A ledger dissection of payments made must be maintained to allow control and accurate financial reporting. Such dissection must be in accordance with Queensland Racing's chart of accounts.

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- At the close of each month, balances in the Expenditure Ledger must be reconciled with the balances recorded in the bank statements. Progressive balances in the Expenditure Ledger must also be reconciled with those recorded by Treasury.
- Prompt investigation and correction of any differences disclosed by reconciliations must be carried out in a timely manner. This procedure must be reviewed by an independent accounting officer.

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5.3.13 Special Payments

Specific procedures include:

- Special payments must be authorised by the Board.
- A record of special payments including ex-gratia and extra-contractual expenditure is kept, indicating:
 - date of payment
 - the recipient
 - relevant particulars
 - the approval given.
- A summary of special payments must be included in Queensland Racing's annual report to Parliament.

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5.3.14 Gifts

Specific procedures include:

- Reportable gifts as defined by Public Finance Standard 625 must not be made or received without the prior approval of a duly authorised officer.
- A record of reportable gifts made or received must be maintained, indicating:
 - date of the reportable gift
 - the parties involved
 - particulars of the reportable gift
 - the approval given.
- A summary of gifts given or received may be included in Queensland Racing's annual report to Parliament.

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5.3.15 Losses

Specific procedures include:

- Deficiencies and shortages detected in money and property must be the subject of an immediate internal report. Where the report indicates loss may have arisen from a cause that could constitute an offence under The Criminal Code or any other Act or law, written notice must be given:
 - (a) to a member of the Police Force or the appropriate jurisdiction
 - or, where misconduct by an officer of the Internal Auditor or external auditor is indicated,
 - (b) to the Criminal Justice Commission
 - and, in all cases,
 - (c) to the Auditor-General and external auditor appointed under the Act.
- A "record of losses" must be kept in which each loss is entered. The amount of a loss is measured by:
 - (a) first recognising the reduction in value of the relevant asset by deducting any accumulated depreciation, and then deducting any probable recoverable amount (e.g. from responsible officer or other person or insurance) and then
 - (b) to the extent that a loss occurred, recording:
 - (i) a provisional amount against which the loss may be taken when any formal write-off approval that may be first required is obtained or
 - (ii) by way of provision for a probable loss in respect of an existing asset against which the loss shall be recorded when it occurs or
 - (iii) where item (i) or item (ii) of this sub-paragraph do not apply, by direct recognition where write-off approval is immediately given and no provision or like account or record is required to be kept.
- Losses with respect to Queensland Racing financial accounts must not be written off without appropriate approval by a duly authorised officer.
- A summary of losses must be included in Queensland Racing's annual report.

5.3.16 Accountable Forms

Cheque Forms

The Senior Finance Officer must maintain a register of unused cheque forms and such forms must be held in safe custody for release to approved drawers as required, upon obtaining appropriate acquittance.

The Finance Manager shall check that the stocks of unused cheque forms held agrees with the register and certify accordingly on a quarterly basis.

Other Accountable Forms

The Senior Finance Officer Accounts payable must maintain a register of taxi vouchers and such vouchers must be held in safe custody for release to approved Queensland Racing officers upon obtaining appropriate acquittance.

The Finance Officer must maintain a register of purchase order forms and such forms must be held in safe custody for release to approved Queensland Racing officers upon obtaining appropriate acquittance.

The Finance Officer must maintain a register of official and manual receipt forms and such forms must be held in safe custody until required.

5.3.17 Legal Documents

The Chief Operations Manager and Legal Counsel must maintain a register of legal documents and copies of such documents must be held consecutively numbered in safe custody.

A complete check of documents in safe custody must be made annually by the Chief Operations Manager and Legal Counsel to ensure accurate, up to date records are held.

5.3.18 Conflicts of Interest

Principles and procedures to safeguard officers from situations where a conflict of interest could arise or be seen to arise are contained in Queensland Racing's Code of Conduct.

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5.3.19 Reporting

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Budget holders are required at least monthly to closely scrutinised any material departures or variations from budget estimates and institute corrective measures where necessary. This acts as a budgetary control as well as ensuring accountability.

Monthly Reports

At the close of each month reports will be prepared for the board of Queensland Racing by the last Wednesday a week before the first Friday of the following month of reporting period.

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Annual Financial Statements

At the close of the financial year, Queensland Racing's expenses will be reported in the financial statements in the annual report in accordance with the Australian Accounting Standards and in accordance with ASIC .

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Expenditure will be the subject of quarterly position assessments.

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Annual systems appraisals will be performed to establish the existence and functioning of controls.

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5.4 PAYROLL

5.4.1 Introduction

Queensland Racing uses a modern windows based payroll system known as Meridian. Descriptions of the system and its relevant procedures are held in the system specific manuals located in the payroll section in Finance.

5.4.2 Scope

This Practice Standard sets out the minimum guidelines, which must be followed by Queensland Racing officers in the control and processing of payroll.

This Practice Standard includes the following Practice Statements:

- Segregation of duties
- Appointment of officers
- Payment of salary and allowances
- Deductions
- Superannuation
- Terminations and Transfers
- Leave
- Increments and Performance Reviews
- Input and Validations
- Processing of the Payroll Reports
- Reporting of Payroll.

FM4.23

5.4.3 Segregation of Duties

Where practicable, payroll duties shall be effectively segregated so that the following functions are performed by different officers:

- Authorisation of employment and leave
- Payroll preparation and leave processing
- Payroll output and leave entries verification
- Overall approval of payroll.

Where staffing does not allow full segregation of duties compensating controls must be in place.

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5.4.4 Appointment of Officers

All appointments must be approved by an authorised officer.

Basis of Appointment

The basis of employment and the payment of salaries and wages must be made in accordance with the relevant Act, award, legislation, contract, agreement or arrangement. These Acts, awards include:

- Public Service Award - State Government
- *Anti-Discrimination Act 1991*
- *Equal Opportunity in Public Employment Act 1992*
- *Industrial Relations Act 1999*
- *Federal Workplace Relations Act 2006*
- *Public Service Act 1996*
- *Public Sector Ethics Act 1994.*

Processing Appointments or Transfers

The following procedures for processing of appointments (both permanent and casual) must be observed:

- appointment approvals must be forwarded to the Senior Finance Officer for processing on the payroll system
- the Senior Finance Officer must ensure that a completed personal details form **(Link to form required)** has been received from the new employee before creating a new employee on the payroll system

- the Senior Finance Officer must commence the new employee on the payroll system in the next available pay period following receipt of an appointment approval and all other relevant documentation.

Note: Under no circumstances should an employee be created on the payroll system prior to receipt of appointment documentation approved by an authorised officer.

If the new employee commences at or near the beginning of the pay period and all documentation is received by the Senior Finance Officer in time to commence them on the payroll system prior to the next pay period cut-off, an automatic pay will result, otherwise a manual pay must be processed.

Manual Payments

All requests for manual payments must be accompanied by the relevant appointment approval. The following procedures must be followed:

- the Personnel Officer must calculate the net pay for the employee having regard for the employee's entitlements and tax rates
- calculation must be verified by an independent payroll officer who must also verify the employee's entitlements
- these calculations and a copy of the approval must be attached to a voucher form which must be signed by an authorised officer and forwarded to Finance for payment
- prior to forwarding to Finance, the Senior Finance Officer must take a copy of the calculations for input into the payroll system as a deduction to ensure the payroll system will not duplicate the payment in the next pay period

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Employment Declarations

The employment declaration includes all the taxation information for the employee to ensure that tax including HELP is deducted at the correct rate.

New employees have 28 days from their date of commencement in which to complete and return an employment declaration to Human Resources/Finance Department. Failure to do so shall result in tax being deducted at the highest rate.

Declarations must be stored securely for Australian Tax Office (ATO) purposes and to ensure the absolute privacy of staff tax file numbers.

Cost Codes

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All employees are allocated to a work unit, which has a specific cost code. When the new employee record is created the Senior Finance Officer must ensure that they are allocated the correct cost code for budgetary purposes.

When an employee changes from one work unit to another then the Senior Finance Officer will ensure that the cost code is also updated.

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5.4.5 Payment of Salary and Allowances

Methods of Payment

Net salary or wages of an officer may be paid by direct deposit into an account nominated by the officer in a bank, approved permanent building society or credit union .

Where net salary or wages are required to be paid directly into a financial institution account, the employee shall complete and sign an authority form with the required particulars, which shall be filed on their payroll and deduction file.

Attendance Sheets

Attendance must be accurately recorded on a timesheet.. This sheet must be checked by the authorised officer in charge to ensure that hours are worked as stated.

Details of overtime worked must be identified on a timesheet.

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Allowances

- Overtime and Overtime Meal Allowances

Before commencement of overtime, an overtime authority and claim form must be completed with work particulars to be performed and estimated overtime required with approval by an authorised officer. The actual performance of overtime must be verified by the responsible supervisor and payment approved by an authorised officer. The form must be forwarded to the Senior Finance Officer for input into the payroll system.

- Higher Duties Allowance

All higher duties must be approved beforehand by an authorised officer and a relieving arrangements form completed. On completion of higher duties or as determined by the approving officer, the claim portion of this form must be completed by the officer and approved for payment by an authorised officer. The form must then be forwarded to the Senior Finance Officer for input into the payroll system.

Refer to Higher Duties Policy (Currently under Construction as at 17 Jan 07)

5.4.6 Deductions

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Automatic Deductions

Automatic deductions are those which are taken out of the employee's pay over which they have no control including PAYG tax (including HELP and the Medicare levy) and superannuation.

Controlled Deductions

Controlled deductions include child maintenance and garnishee orders.

Child maintenance

Upon receipt of a notification from the ATO, the Senior Finance Officer must commence a deduction from the employee's pay. This deduction must be made in favour of Queensland Racing and must be receipted and re-banked to the expenditure bank account. At the end of each month a cheque will be drawn in favour of the ATO.

Upon receipt of an amendment notification from the ATO, the Senior Finance Officer must adjust the employee's deduction.

Garnishee Orders

When Queensland Racing has been served with a court order to redirect moneys due to an employee, Queensland Racing is obliged by law to pay the amount stated by the garnishment to the creditor. This obligation is limited by a guarantee to pay the employee a minimum wage.

Upon receipt of a garnishee order from the court, the Senior Finance Officer must commence a deduction from the employee's pay. This deduction is made in favour of Queensland Racing

and is receipted and re-banked to the expenditure bank account. At the end of each month a cheque is drawn in favour of the creditor as stated in the garnishee order.

Voluntary Deductions

Employees may choose to have some or all of their money deducted from their net pay and deposited to the credit of an external fund or organisation. Such deductions include but are not limited to:

- financial institutions
- medical and other insurances
- union subscriptions
- Social club memberships.

Where an employee requires a deduction, they must where necessary submit the signed authority to the external organisation. The relevant documentation will be returned from the external organisation to the Senior Finance Officer for input into the payroll system. Authorisations must include a commencement date and should be submitted with sufficient time to effect the deduction before the relevant pay period.

Any variations, except automatic fee rises, or cancellations must be authorised by the employee in writing.

All deduction authorities will, after being entered on the payroll system, be filed on the individual employee's payroll and deduction file for future reference if necessary.

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5.4.7 Superannuation

All Employees receive 9% company Superannuation contributions according to the relevant SGC laws.

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5.4.8 Terminations

Terminations can be categorised as follows:

- resignations
- retirements
- dismissals
- transfers
- retrenchments.

Resignations/Retirements/Dismissals

The officer resigning/retiring must notify the Chief Operations Manager in writing at least two weeks prior to the termination date. Such advice will be referred to the Finance Manager for appropriate action.

In the case of dismissals, the Chief Operations Manager will notify the Finance Manager of the appropriate action to be taken.

The following procedures must be observed:

- upon receipt of a termination notification referred by the Chief Operations Manager, the payroll Section will prepare a termination payment
- all recreation leave, both accrued and deferred will be paid out in accordance with the QRL Terms of Employment.
- long service leave balances will be paid out if length of service is greater than 10 years or as otherwise determined by Acts and awards.

Retrenchments

The Chief Operations Manager will notify the Finance Manager of retrenchments.

The following procedures must be observed:

- upon receipt of a retrenchment notification from the Chief Operations Manager, the payroll Section will prepare a termination payment
- retrenchment termination payments will be calculated with reference to retrenchment package entitlements contained in relevant employment contracts.

The following control procedures must be observed to ensure that all system calculations are correct:

- the calculation must be prepared by the Senior Finance Officer and an independent payroll officer
- once termination is finalized, the Senior Finance Officer will enter the termination details into the payroll system and request a calculation
- this calculation must then be checked for accuracy and certified correct by both the Senior Finance Officer and an independent payroll officer.

If possible the payment on termination should be made through the payroll system but if the employee is leaving prior to receipt of the payroll reports, or if the notification is received too late to make the pay cut-off, then a manual payment will have to be made.

The following manual payment control procedures must be observed:

- the Senior Finance Officer shall process the termination and receive the system calculation
- once the calculations are verified the pay will be processed as for all manual payments as outlined previously.

Duplicate payments can arise in the following circumstances:

- where an error has occurred
- where, because of the timing of the separation date, an officer requires a payment prior to the system payment being available.

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5.4.9 Leave

The types of leave, conditions and entitlements of employees are set out in the individual employment contracts and Work Choices Legislation.

Applications must be submitted on a timely basis for processing and approval before the commencement of leave. Where this is not possible (as in sick leave) the officer shall apply as soon as is practicable but not later than the time of submission of the attendance sheet covering the period of leave.

Officers exercising a supervisory responsibility are required to promptly notify the Payroll section where anticipated sick/special leave exceeds one week. The Senior Finance Officer must immediately check the leave entitlements and where appropriate take all reasonable steps to minimise the risk of overpayment. As a further safeguard against overpayments, the payroll section will periodically provide a report of leave balances to senior management.

The following procedures must be adhered to:

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- all leave applications must be applied for in the CONNX Human Resource System on the Intranet.

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- This allocation must be approved by the relevant manager in the CONNX system.
- All approved applications will then be imported into the Meridian payroll system in time for the monthly payroll.

Periodically, the Senior Finance Officer must verify that all leave applications have been submitted by checking details on either attendance sheets or data extracted from the audit management system. All cases of missing leave applications must be promptly followed up and reported to the Finance Manager.

All material errors, omissions and variations arising must be reported to the Chief Operations Manager.

FM4.9 5.4.10 Increments and Performance Reviews

All officers undergo review of their performance each year and where appropriate receive an increment.

Once the documentation is approved and returned the payroll system will be updated to reflect the decision of the authorised officer.

FM4.9 5.4.11 Input and Validations

Before data input the Senior Finance Officer must ensure that all forms have been approved, that the entitlement exists and, where appropriate, the accuracy of the entitlement calculation.

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The following procedures must be adhered to:

- when the Senior Finance Officer has entered the payroll record the supporting documentation must be stamped with the “entered” stamp and certified by the Senior Finance Officer
- an independent payroll officer with appropriate knowledge of awards, entitlements and systems procedures must then certify that a check has been carried out
- after data input the audit report and transaction report must be run
- the audit report and transaction report must be checked by an independent payroll officer who must examine source documents for validity as well as data entry to ensure payroll system integrity
- source documents and the audit and transaction report must be certified by the checking officer
- all errors must be highlighted on the report to identify transactions requiring corrections
- after corrections have been performed both the Senior Finance Officer and the reviewing officer shall certify the transaction.

Data input must be finalised in time before the monthly pay cut-off to enable the audit and transaction reports to be checked and any final corrections to be made prior to pay cut-off.

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5.4.13 Reporting of Payroll

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Annual systems appraisals will be performed to establish the existence and functioning of controls.

5.5 ASSETS, PORTABLE AND ATTRACTIVE ITEMS AND SOFTWARE

FM4.10

5.5.1 Introduction

The Chief Operations Manager is responsible for establishing and maintaining adequate systems and internal controls to monitor assets and to ensure that they are:

- promptly and properly recorded in the accounting records and that transactions are approved by a competent authority and supported by readily accessible records and documentation
- used in an effective and efficient way so as to maximise their economic benefit
- protected from theft, loss, misappropriation, damage or undue deterioration.

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Adequate internal controls will be relied upon to maintain procedures associated with these systems.

5.5.2 Scope

This practice standard sets out the minimum guidelines which must be followed by Queensland Racing officers in the control of, accounting for and reporting of assets. It applies to all non-current physical assets, comprising plant and equipment and leasehold improvements, controlled by Queensland Racing. Other assets controlled by Queensland Racing, comprising cash, receivables, inventories and prepayments are detailed in the revenue and expenditure sections of this manual.

This Practice Standard includes the following Practice Statements:

- Asset Identification and Control
- Segregation of Duties
- Asset Acquisition, Disposal and Write-off
- Asset Recording
- Asset Protection
- Verification of Non-Current physical Assets
- Loss and/or Damage of Assets and Portable and Attractive Items
- Depreciation of Non-Current Physical Assets
- Reporting of Assets
- Portable and Attractive Items Identification and Control
- Software Identification and Control
- Portable and Attractive Items and Software Review.

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5.5.3 Asset Identification and Control

The necessary procedures associated with systems of asset identification, control and accounting shall be established with the objective of ensuring:

- the acquisition or receipt of assets and the disposal, issue or disbursement of assets is authorised by an authorised officer
- efficiency and economy in the acquisition, use and disposal of assets
- the recording of up-to-date information about assets necessary to meet management information needs including the valuation of non-current physical assets
- adequate protection of assets from theft, loss, misappropriation, damage and misuse
- transactions are supported by readily accessible records and documentation
- the existence and condition of assets are verified no less frequently than annually and a reconciliation of relevant balances is performed at appropriate times having regard to the propensity for errors or loss
- consistent methods are applied by officers responsible for the recognition of and accounting for assets
- that where circumstances permit, duties of approving, accounting and custody are segregated to provide effective internal control.

FM4.23

5.5.4 Segregation of Duties

Where practicable asset duties will be effectively segregated so that the following functions are performed by different officers:

- authorisation for asset acquisition, disposal and write-off
- accounting for assets
- maintenance of the asset register
- physical custody of assets
- responsibility for periodic verification of the existence of assets.

Where staffing does not allow full segregation of duties compensating controls must be in place.

5.5.5 Asset Acquisition, Disposal and Write-off

G5 Assets can be acquired by purchase, finance lease or donation and only with approval by an authorised officer.

Assets must only be purchased for the achievement of Queensland Racing objectives.

FM4.8 Officers assigned the responsibility for internal budget preparation must include in the annual budget submission, provision for the replacement of non-current assets. The provision should be sufficient to replace all assets whose useful life will expire in the budget year but need not include funds to replace assets destroyed by a major disaster.

FM4.8 Funds for less significant items must be provided from operating funds in each annual budget.

All assets must be initially recorded in the system and the ledger upon acquisition at their purchase price including installation and freight, unless it can be reliably demonstrated that such purchase price does not reflect fair value (e.g. acquisition by donation or the purchase price is not available).

The Chief Operations Manager is responsible for determining the fair value of an item.

Expenditure on an existing non-current asset is capitalised only when it is material and produces an effective increase in the present or planned service capacity of the asset or extends the useful life of the asset.

Capitalisation of expenditure relating to assets must be approved by the Chief Operations Manager.

Expenditure of a recurring nature necessary to keep an asset in good working condition must be approved by an officer granted the appropriate delegated authority. Such expenditure is normally an expense of the period in which it is incurred and is not capitalised.

Accounts must be maintained in the general ledger to accommodate asset acquisitions and to identify the classes of assets held. Accounts must also be available to differentiate between assets and asset related expenditure which is not capitalised but treated as an expense in the reporting period.

FM4.14 Non-current physical assets are disposed of by the most efficient and economical means. Methods include:

- sale, auction or trade-in
- giving to another department, organisation or person
- scrapping.

FM4.14 All asset disposals must be approved by an authorised officer prior to the disposal. Assets may only be given to other departments, organisations or people in special circumstances and with the approval of the Board.

A loss or gain on disposal must be calculated for each disposed asset.

FM4.12 **5.5.6 Asset Recording**

Assets which Queensland Racing controls can be classified as follows:

- current assets including:
 - cash on hand and at bank
 - receivables and work in progress
 - prepayments
 - inventories (stationery, stores).
- non-current assets including:
 - plant and equipment

- furniture and fittings
- computer hardware and software
- the library collection.

Assets controlled by Queensland Racing must be promptly recorded in accounting records and the asset register which is used to facilitate control and financial reporting of assets under Queensland Racing's control at 30 June each year.

Capturing, recording and maintaining the information on the asset register must be carried out in a cost effective manner, however the following guidelines should be observed:

Asset information recorded in the Asset Register includes:

- asset description
- asset location
- date of acquisition
- cost of purchase
- expected useful life
- depreciation (rate, method, dollar amount to date)
- valuation

An item must be specifically identifiable to be recorded in the asset register. However, where an item is a component of a larger item it will not be recorded individually in the register. For example, while a computer keyboard or screen can be specifically identified, it cannot perform any function without being closely integrated to other specific components. Therefore the asset is the "computer" in its entirety (CPU, screen and keyboard), not the individual components.

A computer network consisting of a dedicated network server and network cabling is an asset but does not include the stand-alone machines connected to it. The network is recorded as one asset and the computers linked to it may be assets in their own right, depending on whether other asset recognition criteria are satisfactory.

Spare parts purchased at the time of acquisition of a particular asset and which would become redundant if the asset were disposed of are considered to form part of the asset and must be capitalised as part of the relevant asset. Such items will be termed "capital spares". Replacement of capital spares must be treated as an operating expense of the period.

FM4.10

5.5.7 Asset Protection

Adequate protection of assets from theft, loss, misappropriation, damage and misuse must be ensured. Specific procedures include:

- where practicable all non-current physical assets must be engraved with Queensland Racing's name or asset code or alternatively ownership details must be noted on pre-numbered Queensland Racing labels that can be readily affixed to the asset
- where applicable, inventory (stationery and stores) must bear some form of Queensland Racing identifier such as the Queensland Racing logo.

Adequate arrangements must be made to ensure the security of assets, including:

- prompt banking of all moneys
- secured areas for the storage of inventories and non-current physical assets
- protection of property
- maintenance of assets
- records of the physical location of non-current physical assets.

Where possible, small removable items must be stored in lockable areas, cabinets or drawers, the keys to which are held personally by relevant custodial officers.

Any unanticipated or inexplicable disappearance of an asset from its normal place must be investigated immediately and reported by the officer responsible for its care. Refer 5.5.9 for loss procedures.

Maintenance contracts must be reviewed on a regular basis for cost effectiveness.

5.5.8 Verification of Non-Current Physical Assets

The Fixed Assets Policy requires the existence of assets to be verified no less frequently than annually by checking against the system of records and reports on assets.

The frequency of verification of assets depends upon the type of asset. Current assets such as cash must be verified daily, receivables monthly and inventory on an annual basis. Non-current physical assets must be verified on an annual basis.

Details of all such verifications and reviews must be kept for at least one year after the end of the financial year in which the verification was performed.

As each asset's existence is physically verified, an assessment must be made of its condition to determine whether it requires repair or maintenance and whether or not it is being adequately used.

Queensland Racing stock take procedures are detailed separately in the Desktop Guidelines section of this manual.

FM4.14

5.5.9 Loss or Damage of Assets and Portable and Attractive Items

The following procedures must be followed in the control of and accounting for losses of current and non-current physical assets and portable and attractive items. Losses include:

- any theft or losses of and deficiencies or shortages in moneys or property
- losses arising out of the destruction, obsolescence, deterioration of or damage to property
- irrecoverable overpayments, debts written off and waivers of claims or rights to claim
- expenditures made without lawful authority
- losses of moneys due to failure to assess and levy revenue and other amounts receivable.

Identification of Losses

Any deficiencies, shortages or damage detected in money or property must be reported immediately to the Chief Operations Manager or other authorised officers on identification of such losses.

Where such losses arise from a cause that could constitute an offence under The Criminal Code (e.g., theft of moneys) or any other Act, notice in writing must be given to:

- a member of the Police Force or the Criminal Justice Commission where official misconduct by a Queensland Racing officer is indicated
- Queensland Racing's internal and external auditors.

Valuation of Losses

In accordance with the Fixed Asset Policy, the value of losses must be determined by the reduction in value of the relevant asset less any accumulated depreciation and any probable recoverable amount obtained from a responsible officer or insurer.

Recording of Losses

Losses must be recorded and should include:

- all thefts of money or property
- all losses of non-current physical assets and portable and attractive items to enable appropriate adjustments to be recorded in the appropriate register.

Each item or each incident (theft) of loss is recognised separately.

Where gains arise from events, which could also give rise to losses (for example, stock take), the value of losses must be assessed separately and not offset against any gains.

G5

Approval to Write-off

Before any loss of money or property is written off, approval for the write-off must be obtained from an authorised officer.

Recovery of Losses

Any loss of money or property under the control of an officer of Queensland Racing arising from a failure by the officer to fulfil any of his or her other duties, will be a debt due to the Crown.

Such losses may be recovered from the officer controlling the asset or any other officer who, by negligence or misconduct, caused or contributed to the loss of, or damage to, the asset through a court action.

Where the negligence or misconduct of an officer was not the sole cause of any loss, the Crown may recover from the officer a just and equitable amount having regard to the contribution made by the officer to the loss, destruction or damage as determined by the court.

All losses recoverable from third parties will be treated in a similar manner as debts due to Queensland Racing. Accordingly, Queensland Racing's debt recovery procedures will be applied in recovering the losses.

Reporting Losses

FM4.22

Losses that have occurred during each financial year must be reported in the annual financial statements. Relevant information relating to significant losses that have occurred during the year but have not yet been written off must be reported.

FM4.16

5.5.10 Depreciation of Non-Current Physical Assets

Queensland Racing will establish and maintain a system of accounting for depreciation of non-current physical assets.

Depreciation methods and rates must be reviewed on an annual basis by the Chief Operations Manager.

All non-current physical assets must be depreciated over their estimated useful life to an estimated salvage value using the straight-line method. Asset registers must be updated to reflect depreciation expense with such expense adequately disclosed in the financial statements.

FM4.1

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5.5.11 Reporting of Assets

Officers responsible for accounting for assets are required to reconcile asset acquisitions and disposals recorded in the asset register with control accounts contained in the general ledger. Reports are generated from both systems to facilitate this process.

Monthly Asset Reports

At the close of each month the following reports are required:

- a report of asset acquisitions and disposals
- a report identifying asset balances.

Annual Stock take

FM4.15

A report will be required listing all assets in the asset register by category to facilitate the stock take process.

Annual Financial Statements

FM3.3

At the close of the financial year, Queensland Racing's assets are recorded in the financial statements in the annual report in accordance with the relevant accounting standards. The method of valuation of each class of assets is disclosed in the notes to and forming part of the accounts and will comply with the relevant accounting standards.

FM4.13

The value of non-current physical assets reported in the financial statements will be assessed at 30 June each year by the Finance Manager.

Non-current assets are disclosed in Queensland Racing's financial statements at 30 June under the following categories:

- Plant and equipment
- Furniture and fittings
- Computer Equipment
- Office Furniture
- Motor Vehicles
- Land
- Buildings
- Photo/Video equipment

Other Asset Reporting

FM4.22

Assets will be included in quarterly position assessments.

FM4.21

Annual systems appraisals will be performed to establish the existence and functioning of controls.

FM4.17

5.5.12 Portable and Attractive Items Identification and Control

Certain items, which have values below the asset recording threshold, are, by their portable size, value and nature more susceptible to theft and loss.

These items must be recorded in a register of portable and attractive items. The following criteria are used to determine inclusion in the Register:

- Have a useful life greater than one year
- Cost between \$500 and \$2,000
- Are attractive due to small size, value and utility.

The following details are recorded in the register of portable and attractive items:

- Item description
- Serial number (where applicable)
- Receipt and issue details (assigned to Queensland Racing officer, location).

Any unanticipated or inexplicable disappearance of a portable and attractive item from its normal place must be investigated immediately and reported thereon by the officer responsible for its care. Refer 5.5.9 for loss procedures.

FM4.17

5.5.13 Software Identification and Control

Most desktop and portable computers purchased are delivered with operating system software. As the computer will not perform any useful function without an operating system and are delivered pre-installed with the software, the operating system software is regarded as forming part of the computer and capitalised and recognised with the machine on which it resides. It is identified with the same asset number as the hardware.

Application software (e.g. Microsoft Office) on the other hand is more portable and not essential to operation of the computer. However, most application software falls below the asset threshold and is expensed in the period.

As Queensland Racing merely purchases a licence to use software, there exists a continuing obligation to the copyright owner to ensure adequate control is exercised over software usage. As such, software costing \$2,000 or more and having a useful life of in excess of 12 months is recorded in the asset register as computer software. All software, irrespective of whether or not it meets the asset recognition criteria, is recorded in the software register.

Queensland Racing has established internal mechanisms in place to ensure that all losses are thoroughly investigated and justified prior to settlement. Data on loss history is maintained for inclusion with Queensland Racing's risk management program.

FM4.18

5.5.14 Portable and Attractive Items and Software Review

The existence and condition of portable and attractive items and software must be verified no less frequently than annually for maintenance and replacement purposes having regard to their susceptibility to theft or loss.

Details of all such verifications and reviews must be kept for at least one year after the end of the financial year in which the verification was performed.

The officer responsible for the custody of a portable and attractive item or software must verify its physical existence.

As each asset's existence is physically verified, an assessment is made of its condition to determine whether it requires repair or maintenance and whether or not it is being adequately used.

Appropriate registers must be updated and action taken to repair or replace items where necessary.

Queensland Racing's stock take procedures are detailed separately in the Desktop Guidelines section of this manual.

5.6 LIABILITIES

FM4.19

5.6.1 Introduction

The Chief Operations Manager is responsible for establishing and maintaining adequate systems and internal controls to monitor liabilities and to ensure that:

- liabilities are incurred with proper authority
- liabilities are promptly identified, assessed and recorded.

Adequate internal controls will be relied upon to maintain procedures associated with these systems.

In addition, the Chief Operations Manager is responsible for assessing contingent events and commitments for expenditure, which may require financial statement disclosure as at 30 June.

5.6.2 Scope

This Practice Standard sets out the minimum guidelines, which must be followed by Queensland Racing officers in the control of, accounting for and reporting of liabilities.

This Practice Standard includes the following Practice Statements:

- Liability Identification and Control
- Accounting for Liabilities

- Contingent Liabilities
- Commitments
- Reporting of Liabilities.

FM4.19

5.6.3 Liability Identification and Control

The necessary procedures associated with liability identification and control shall be established with the objective of ensuring any commitment entered into:

- For the employment of officers, is in accordance with the requirements of applicable Acts, industrial awards and the like
- For the procurement of goods and services, whether through Government agencies, the letting of contracts or otherwise is, where applicable, accordance with Government Policy
- Can be satisfied when due for payment either from identified funds available under an approved budget or from programmed funds under an approved forward plan or arrangement
- Is necessary and for identified official purposes and has been approved by a duly authorised officer
- Subject to over-riding legal considerations, is in the name of Queensland Racing
- Is supported by readily accessible records and documentation systematically filed and securely stored.

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FM4.20

5.6.4 Accounting for Liabilities

Procedures shall be established and specified setting forth the methods to be consistently applied and the positions or persons responsible for accounting for all liabilities, which Queensland Racing will be required to settle, including:

Current Liabilities

- Accounts payable
- Employee entitlements including any accrued annual leave, long service leave payable within twelve months and any superannuation obligation
- Borrowings and repayable advances where principal is due within 12 months
- End of year accounting adjustments on account of material accruing items
- Unearned revenue where there is an obligation to provide future benefits or in default to refund
- Other items where settlement during the next twelve months is probable.

Non-Current Liabilities

- Employee entitlements including long service leave payable outside of 12 months
- Borrowings and repayable advances where principal is due outside of 12 months
- Other items where settlement is anticipated outside of twelve months.

An aged summary listing of creditors must be presented to each meeting of Queensland Racing Board.

Liabilities are classified in the financial statements as current and non-current.

FM4.20

5.6.5 Contingent Liabilities

Contingent liability means a potential liability that is a result of a past transaction and is dependent upon the outcome of a future event or events.

The Chief Operations Manager is responsible for assessing contingent events, which may give, rise to the disclosure of contingent liabilities as at 30 June. Officers aware of contingent events must advise the Chief Operations Manager promptly.

FM4.8

5.6.6 Commitments

Commitments include both capital commitments and operating leases with a lease term of more than 12 months.

The Chief Operations Manager is responsible for assessing commitments, which may give rise to the disclosure of capital commitments and operating leases as at 30 June.

The following details are maintained in respect of commitments:

Capital Commitments

- Description of individual commitments
- Value of commitment
- Aggregate value of commitments.

Operating Leases

- Description of asset
- Lease commencement date, expiry date, payments, and interest rate
- Aggregate value of operating leases.

5.6.7 Reporting of Liabilities

FM3.3

Annual Financial Statements

At the close of the financial year, Queensland Racing's liabilities are recorded in the financial statements in the annual report in accordance with the Public Finance Standards.

FM4.22

Liabilities will be included in quarterly position assessments.

FM4.21

Annual systems appraisals will be performed to establish the existence and functioning of controls.

6.0 DESKTOP GUIDELINES

6.1 STOCKTAKE PROCEDURES

6.1.1 Purpose

These procedures are designed to ensure that a comprehensive and accurate stock take of recognised non-current physical assets, portable and attractive items controlled by Queensland Racing is performed annually. The stock take is an essential internal control over Queensland Racing assets and therefore must be given appropriate priority.

The objectives of these procedures are to ensure that:

- Physical assets underlying the book value of assets exist
- An accurate cut off date is achieved
- All slow moving, damaged or obsolete assets are appropriately identified
- The asset summaries are accurate.

6.1.2 Scope

Included in Queensland Racing's stock take are non-current physical assets, portable and attractive items.

Assets that should be counted include those received where no payment has been made and those not yet received but where payment has been made.

In some cases where goods are in transit, contracts for purchase will need to be examined to determine when title of the goods passes to Queensland Racing.

A threshold value \$2000 is set for the recording of non-current physical assets.

Where Queensland Racing controls sets, networks or collections of similar non-current physical assets each valued below the recording threshold value, but for which the total value of such a collection is above the \$2,000 threshold, a decision will need to be made as to whether the collected value is material. If it is considered material, then the set, network or collection is recognised, valued and recorded in the asset register as an aggregated whole. Such recognised aggregated assets are to be recorded as part of the stock take.

Stock take coordinators are responsible for ensuring that all Queensland Racing stock is counted and to this end must ensure that:

- The existence of all assets on loan is verified by an appropriate means determined by the stock coordinator and recorded for listing during the stock take.
- Assets held by audit staff are verified by listing asset and asset number and returned to stock coordinator.
- All Queensland Racing assets currently being repaired off site are recorded for listing as part of the stock take.

However, assets received by Queensland Racing, but where title has not yet passed; assets held by Queensland Racing on approval prior to purchase; and assets leased by Queensland should be noted on stock take sheets, but must be excluded from the final figure.

The stock take procedures require the specific identification of the following types of stock by stock take teams:

- | | | |
|-----------------|---|---|
| Obsolete assets | - | Assets determined to be unsaleable
Assets that are no longer required by Queensland Racing
Assets to be written off |
| Damaged assets | - | Assets which are damaged but which can be repaired or refurbished for use |
| Warranty assets | - | Assets held pending return to a supplier. |

The stock take coordinators will be responsible for collating and separately reporting this information to the stock take controller.

6.1.3 Definitions

Non-current Assets

Non-current assets are assets intended for continuing use in any current activity. Moreover, they are assets, which are to be retained in the enterprise beyond the period of current operations, and are not intended for sale in the ordinary course of business. They include:

- Debtors and receivables (when amounts are to be received in periods after the next 12 months)
- Land, buildings and other structures
- Plant and equipment
- Furniture and fittings
- Other assets
- Leased physical items.

Physical Assets

A physical asset is any asset having a physical existence; any asset other than an intangible asset. Examples are land, buildings or other structures, plant and equipment and furniture and fittings. Such items may be owned outright or leased.

A threshold value of \$2,000 is set to achieve a balance between the information needs of managers and those to whom Queensland Racing is accountable, and the cost of assembling and maintaining the register.

Portable and Attractive Items

Portable and attractive items are non-current physical assets which:

- Have a useful life greater than one year
- Cost less than \$2,000
- Are attractive due to their small size, value and utility.

6.1.4 Staff and General Job Summaries

The stock take process involves a stock take controller and regional staff.

Stock take Controller

The Finance Manager has overall responsibility as the stock take controller. This responsibility includes:

- Ensuring that all assets controlled by Queensland Racing are physically counted irrespective of location and that procedures are adhered to
- Advising Queensland Racing staff of the stock take date
- Assignment of stock take coordinators
- Development of a stock take schedule with stock take coordinators
- Production of asset print outs in advance of the stock take
- Selection of staff for stock take teams and assignment of the teams to locations
- Preparation of assets for the stock take, control of their movement and preparation of a full reconciliation of all asset movements for the month of the stock take
- Ensure that all outstanding documents covering asset movements and purchases are processed up to the date of stock take
- Ensure that all manual additions to the stock take sheets are transcribed and processed
- Review of stock take results and resolution of any queries or problems
- Authorise physical stock takes to be updated to the asset register
- Authorisation of the completion of each stock take
- Reconciling any variances and ensuring that asset register is updated
- Finalisation of the stock takes.

Stock take Coordinator

Stock takes will be carried out for all fixed assets and coordinated by the Accountant.

The Accountant will be a responsible officer who is independent of the custody and recording of assets and will be responsible for the conduct and reporting of the stock take under these procedures.

The Accountant should be familiar with the various types of assets held and the associated documentation.

The Accountant is responsible for:

- Notifying all affected persons of the stock take date and the expected impact on business activities
- Scheduling of the asset count within Queensland Racing in accordance with the overall stock take schedule
- Preparation of assets for the stock take and control of their movement
- Provision of resources, including stock take staff, for the count
- Production and distribution of all stock take sheets to the members of the stock take teams
- Ensuring that the staff taking part read and understand the following procedures
- Organising the printing of asset count sheets and the generation of asset discrepancy reports
- Clarifying asset cut off procedures with all relevant personnel
- Collating all asset cut off documentation
- Scheduling processing of all outstanding asset movement documentation (refer to attached guidelines)
- Ensuring that those undertaking the stock take record the count accurately and those asset codes not listed on asset records are dealt with appropriately (refer to attached procedures)
- Investigating variations in asset counts and following-up (refer to attached procedures)
- Reporting of confirmed variances to the stock take controller
- Prompt clearance of any queries arising from stock take difficulties
- Developing procedures to ensure assets are counted once and only once (refer to attached procedures)
- Advising stock take teams when the stock take is completed.

Stock take Teams

Each stock take team consists of two people appointed by the Accountant: one to identify items and the other to record details. The asset identification officer of each team is to be drawn from outside the asset control area every second year. The recorder must be an experienced person familiar with the assets and with record keeping requirements.

The teams' activities are to:

- Familiarise themselves with the stock take procedures
- Identify and record in ink all assets on the stock take sheets
- Manually add assets to the stock take sheets that are not listed on the sheets
- Identify and separately record all obsolete, damaged or warranty assets

- Examine containers or cartons which have been opened to check for correct identification, condition and completeness
- The person identifying assets must place special stickers on assets after they have been recorded
- Process each stock take sheet through to completion and both members of a team are to sign each sheet when it is completed.

Finance Section

The Finance section is responsible for:

- Clearly marking unprocessed documents "BEFORE STOCK TAKE" to enable processing
- Processing of all outstanding documents covering assets movements and purchases up to the cut off date of stock take
- Production of Asset Register reports.

6.1.5 Stock take Procedures

This section outlines the pre-stock take procedures, transaction and asset movement control during the stock take period, and physical stock take and finalisation procedures.

Pre-Stock take Preparation

The stock take controller for the purposes of these procedures is the Finance Manager who has overall responsibility for the stock take.

Once the stock take date is determined it will be conveyed to the relevant staff by the Accountant. Stock take sheets and asset register printouts of assets are to be arranged by the Accountant in advance of this date.

The Accountant will be responsible for organising the production and distribution of all stock take sheets to the officers carrying out the stock take in accordance with the stock take schedule. The Accountant is to keep on hand a copy the asset register.

Stock take sheets will be produced for each location together with asset records currently in the Asset Register. The original set and subsequent sets extracted under these procedures will be identified. All copies of the stock take sheets are to be strictly controlled to ensure that they are all returned and processed.

Assets are to be appropriately organised and arranged as follows:

- All are to be identified (Asset ID number clearly marked where applicable).
- Assets, which belong to suppliers or other items, which are not to be counted, are to be physically separated.
- Damaged, obsolete or warranty assets are to be identified and physically isolated.
- Rented or leased assets must be clearly identified and noted, but not incorporated as part of the stock take.
- Assets in transit are to be minimised.
- Full details of assets transferred between locations during the week of the stock take are to be maintained by the responsible officers.

- Any assets in transit must be specifically listed and full details forwarded to the stock coordinator.

Transaction Cut-off for Stock take

The Accountant is responsible for collating all asset cut-off documentation in line with these guidelines.

Accurate reconciliation of the asset register and physical asset valuation is dependent on the accuracy of the stock take and effective control of transaction cut-offs and unprocessed transactions. To ensure that an accurate comparison is made, a cut off point must be clearly established for physical processing of asset and asset balances on the asset accounting system. This is achieved by the stock take freeze, which produces asset balance reports for future comparison against physical balances.

The differences between physical and recorded asset balances are adjusted by journal entry to the asset and general ledger balances. Purchases and asset transactions must be strictly controlled before, during and after the stock take in order to reflect an accurate final stock take result.

Physical Stock Take Cut Off

At the scheduled commencement of the physical stock take, the Accountant is to ensure that all asset records and registers are marked with the cut off point or a record of cut off numbers is taken.

Cut off points will be noted for:

- Inwards/outwards goods
- Purchases
- Asset transaction
- Asset issues
- Asset transfers
- Asset adjustments
- Asset receipts
- Service dockets.

Transactions before the cut off point are to be checked to ensure that they are entered before the stock take freeze date. All transactions generated after the cut off point are to be endorsed "AFTER STOCKTAKE" and are not to be entered until after the stock take freeze.

During Stock take Transactions

Movement of assets during the physical stock take is to be avoided. However, circumstances may dictate the need to process an urgent order. The Accountant should be notified of any such instances.

After Stock take Transactions

For the period specified in the stock take schedule, all documentation is to be marked "AFTER STOCKTAKE" or until such time as advised by the Accountant.

Goods Received from Suppliers

All assets received must be registered in the assets register. Assets received prior to stock take should be posted as creditors before the cut off. Assets received during the stock take are to be placed in a clearly defined location marked "GOODS IN TRANSIT - DO NOT STOCKTAKE". This area should appear on a floor plan and should be verifiable by the stock take controller.

All invoices for products received and posted to assets prior to stock take are to be marked "RECEIVED - BEFORE STOCKTAKE". All invoices for product received. and posted to assets after stock take are to be marked "RECEIVED - AFTER STOCKTAKE".

Finance section is to endeavour to process all pre-stock take invoices for assets prior to the stock take cut off. Finance is to maintain a record of all invoices marked "RECEIVED - BEFORE STOCKTAKE" and which have not been processed for payment before stock take cut off.

Copies of these invoices are to be forwarded to the Accountant for reconciliation of the general ledger and asset register and adjustment of the general ledger after the stock take update.

Inwards/Outwards Goods

Each location should have a mechanism for recording the movement of assets to enable an accurate stock take to be carried out. Queensland Racing has no need to record outwards goods.

Inwards Goods Recording

An inwards goods register should to be instituted prior to the stock take. This register shall consist of:

- Date
- Delivery docket number
- Supplier name
- Invoice number if available.

This register should be commenced at least a week before the stock take is carried out.

Physical Stock Take

The stock take is to be conducted in such a way that officers work progressively through the assets in their assigned location rather than working through their asset register listing in asset code order.

The physical stock take is to be carried out by two people – one identifying assets and one recording details on the stock take sheets. The officer identifying assets should be drawn from outside the asset control area where possible. However, the recorder shall be an experienced person familiar with the assets and record keeping requirements.

The person recording is to **call back as the asset identification is being recorded** so that the first officer may correct any errors. The recorder shall also ensure that the unit description listed on the stock take sheet corresponds with that used by the identifying officer.

The contents of cartons or containers, which have been opened, are to be checked for correct identification, condition and completeness of the assets. Cartons or containers with manufacturers' or suppliers' seals intact need not be checked provided that adequate identification markings are on the outside of the container.

During the stock take the condition of the assets are to be checked. Assets found to be damaged or obsolete are to be recorded.

The person identifying assets shall place special stickers on the assets after they have been recorded. At completion of the stock take, the stock take coordinators must inspect the entire stock take and ensure that all assets are marked and recorded.

The stock take is to be directly recorded in ink on the stock take sheets provided. Stock take sheets will be numbered and must be kept in numerical sequence. The Accountant should conduct checks for accuracy and legibility. All stocktaking and checking procedures are to be evidenced by the signatures of the persons responsible on the stock take sheets.

Assets not already listed on the stock take sheets are to be manually added to the space on the bottom of the sheets by the recorder. Under no circumstances is the stock take to be recorded on any other form of stock take sheet. Manual additions must include the item description and identification number.

As the stock take sheets are completed, the front page of each is to be signed by both officers as evidence that they are satisfied that the stock take has been accurately recorded.

All stock take sheets shall be signed by the Accountant as evidence that he is satisfied with the accuracy of the stock take.

The Accountant is to ensure that stock take sheets are processed through to completion.

All staff should be aware that the success of the stock take is the responsibility of everyone. Therefore, all persons involved in the stock take are to remain at their location until the stock take at that location is completed and checked. The Accountant will signal the completion of the stock take.

Finalisation of the Stock take

The Accountant will be responsible for the finalisation of the stock take.

All stock take sheets must have evidence of processing and must be signed as approved by the stock take coordinators.

Physical stock take enables the preparation of comparative reports of differences between frozen asset balances at cut-off (as indicated by the accounting systems) and actual physical balances found during the stock take.

Asset cut off documentation and asset movement reconciliation reports are to be collated by stock take coordinators and the necessary adjustments made to the physical stock take records.

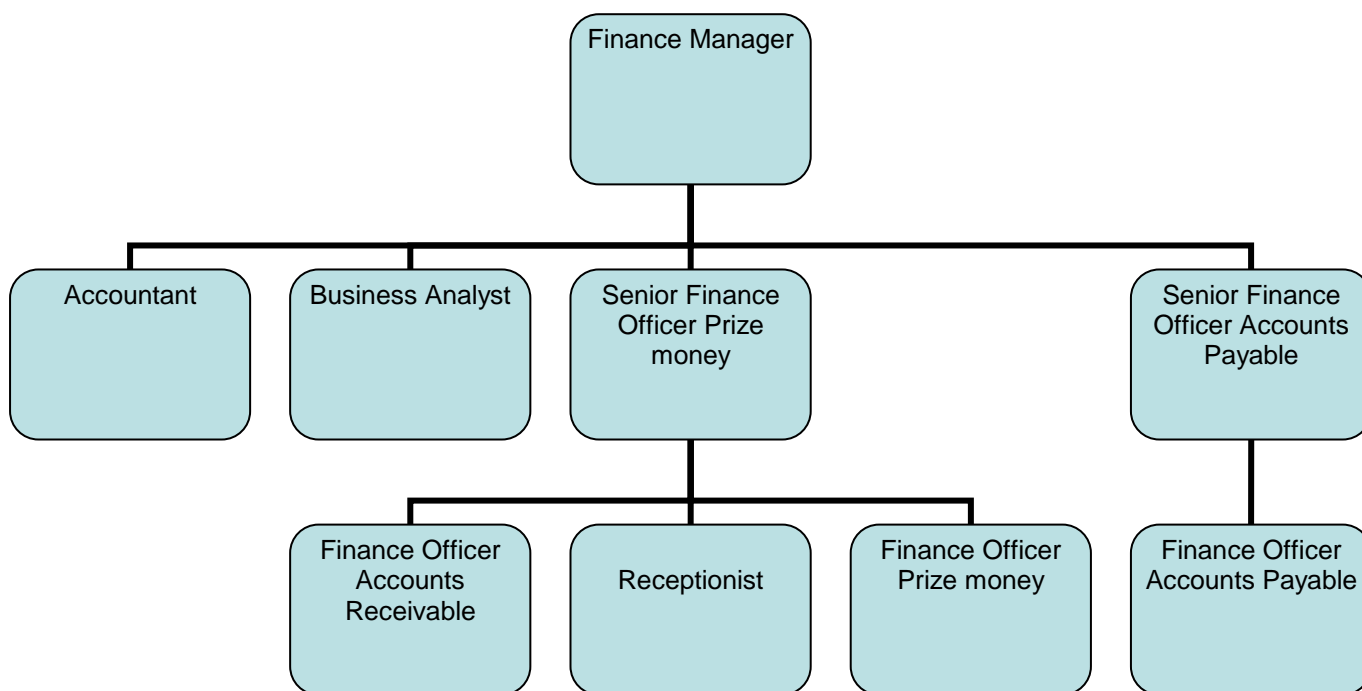
Stock take variance reports are to be prepared by the stock take coordinators. The significance and materiality of each variance on the report is to be assessed by the Accountant. Where material discrepancies remain unresolved, the Accountant will request the appropriate officer to provide a written report of possible explanations.

The Accountant is to summarise the asset adjustments required. The adjustments will be as per the "Asset Register Reconciliation Report" after all discrepancies have been checked to the physical count sheets and material discrepancies have been subject to re-counts and checked against asset movements.

The Finance Manager will authorise the update of the asset system and the associated accounting entries.

All stock take documentation and reports are to be retained

6.2 FINANCE



6.2.1 Finance Manager

KEY PERFORMANCE INDICATORS

1. Provide strategic advice to the Queensland Racing Board in relation to financial matters as they relate to thoroughbred horse racing in Queensland.
2. Actively participate as a member of the Executive Team in the administration of Queensland Racing.
3. Provide leadership and management within the Finance Department in the delivery of financial services.
4. Assess present and future risks as they relate to finance and audit matters and ensure appropriate strategies are in place to mitigate any areas of risk.
5. Work closely with the COM to ensure the attainment of budgets.
6. Compliance with all legislation, standards, work procedures and practices.
7. Demonstrate a personal commitment to Queensland Racing's-
 - (a) workplace health and safety policies to ensure personal safety and the safety of others; and
 - (b) equal opportunity objectives to ensure a workplace free from discrimination and harassment.

DUTIES

1. Manage staff within the Finance Department including conducting performance appraisals and addressing any performance related matters.
2. Ensure appropriate resources are available at all times to deliver efficient and effective financial services to all relevant areas in Queensland.

3. Develop sound work practices and procedures to ensure compliance in all finance and audit related matters within the racing industry.
4. Provide advice and reports to the Queensland Thoroughbred Racing Board on all matters relating to finance and audit.

6.2.1 Accountant

KEY PERFORMANCE INDICATORS

1. Manage the accounting and payroll functions of Queensland Racing.
2. Provide leadership and guidance to employees engaged in these functions.
3. Actively participate as a member of the Finance Team in the administration of Queensland Racing.
4. Prepare annual consolidated financial statements and monthly financial accounts.
5. Assist in the development of Queensland Racing's annual budgeting and capital works planning process.
6. Work closely with the Finance manager to ensure the attainment of budgets.
7. Play a lead role in the ongoing development and maintenance of the organisation's accounting and payroll systems.
8. Compliance with all legislation, standards, work procedures and practices.
9. Demonstrate a personal commitment to Queensland Racing's-
 - (c) workplace health and safety policies to ensure personal safety and the safety of others; and
 - (d) equal opportunity objectives to ensure a workplace free from discrimination and harassment.

Duties

1. Budget preparation, quarterly forecasts, and variance analysis and liaising with internal and external auditors.
2. Assist in year-end accounts and audits.
3. Control over monthly general ledger account reconciliations to ensure that all reconciliations are completed in a timely manner.
4. Supervision of Finance Staff of QRL and liaison with QRL regions regarding accounting issues, including the responsibility for the resolution of day-to-day accounting issues for QRL and QRPC.
5. Control over invoice authorisations and payment processing for QRL and QRPC, including checking and authorisation of payments.
6. Management control of the QRL Prize money Payment System and associated processes including checking and approval of payment adjustments and the co-ordination of change requests to the system.
7. As supervisor of the Prize money team, provide service to the industry by supporting staff with dispute or high level technical enquiries regarding Prize money and adjustments to payments;

8. Manage projects associated with the business and financial operations of the QRL;
9. Management and control of the payroll for QRL;
10. Other duties as directed by the Finance Manager.
11. Develop sound work practices and procedures to ensure compliance in all finance and audit related matters within the racing industry.
12. Provide advice and reports to the Queensland Racing Board on all matters relating to finance and audit.

Daily Responsibilities

- Maintain, administer and control asset register
- Maintain control over apprentice jockey accounts and investments
- Oversee day-to-day office administration and control

Fortnightly Responsibilities

Monthly Responsibilities

- Process, administer and control all payroll activities
- Ensure employees' accrued leave is within guideline limits
- Review and certify the debtors and creditors reconciliations
- Process end of month journals
- Perform reconciliations on general ledger accounts
- Ensure FBT information is being collated
- Prepare end of month accounts
- Ensure BAS is completed

Quarterly Responsibilities

- Prepare quarterly position assessments

Yearly Responsibilities

- Assist in the preparation of the annual financial statements
- Prepare end of year reconciliations for payroll and revenue
- Prepare working papers for auditors
- Maintain the financial management practice manual and associated procedural instructions
- Maintain Queensland Racing chart of accounts based upon approved cost centres.

6.2.3 Business Analyst

KEY PERFORMANCE INDICATORS

1. Provide specialist advice to the Executive Team on the analysis of key industry and organisational market and operational performance data.
2. Provide leadership and guidance to employees engaged in these functions.
3. Actively participate as a member of the Finance Team in the administration of Queensland Racing.

Support the Finance Manager by

- Establishing and monitoring key performance ratios in respect of internal operations;

- Establishing and monitoring key performance ratios in respect of the activities of race clubs and develop and maintain a performance measurement database;
- Analysing internal business processes for operational efficiencies.
- Assist in internal budgeting and capital expenditure and capital works planning processes and analysis

Support the Racing Services Manager by

- Developing and maintaining a database of information in respect of the performance of the race wagering program;
- Analysing data associated with the wagering program and provide input into performance measurement and reporting and program review.

Support the Director Integrity Operations by

- Assisting in the analysis of business cases and outcomes
- Analysis of fees charged by Queensland Racing

5. Work closely with the Finance manager to ensure the attainment of budgets.
6. Compliance with all legislation, standards, work procedures and practices.
7. Demonstrate a personal commitment to Queensland Racing's-
 - (e) workplace health and safety policies to ensure personal safety and the safety of others; and
 - (f) equal opportunity objectives to ensure a workplace free from discrimination and harassment.

DUTIES

1. Budget preparation, quarterly forecasts, and variance analysis and liaising with internal and external auditors.
2. Control over invoice authorisations and payment processing for QRL and QRPC, including checking and authorisation of payments.
3. Manage projects associated with the business and financial operations of the QRL;
4. Other duties as directed by the Finance Manager.
5. Other duties as directed by the Chief Operations Manager.
6. Develop sound work practices and procedures to ensure compliance in all finance and audit related matters within the racing industry.
7. Provide advice and reports to the Queensland Racing Board on all matters relating to finance and audit.

6.2.4 Senior Finance Officers – Prizemoney and Accounts Receivable**Senior Finance Officer Prizemoney/Accounts Receivable****Duties**

1. Responsibility for weekly preparation and processing of payments of prize money for all owners, trainers and jockeys within Queensland, including mail out of tax invoices/statements;
2. Maintaining and controlling the integrity of key financial data for the efficient recording of the Queensland Racing Prize money Payment System and associated processes including checking and approval of payment adjustments and the co-ordination of change requests to the system.
3. As supervisor of the Prize money team, provide service to the industry by supporting staff with dispute or high level technical enquiries regarding prize money and adjustments to payments;
4. Maintaining and controlling the integrity of key financial data for the efficient recording of Club Funding payments
5. Preparation of monthly financial reports including Feature Funding Reports, QTIS Breeders Bonus and Queensland Racing Select Events and assisting in the analysis of variances;
6. Maintaining and controlling prize money stationery;
7. Reconciliations of the Club Funding system and associated general ledger accounts;
8. Reconciliation of general ledger accounts;
9. As part of the team providing service to the industry, assist with enquiries regarding prize money and adjustments to payments;
10. Oversee the administration and functions of the reception;
11. Provide assistance in the preparation of annual financial statements and associated work papers;
12. Provide direct support to other accounts staff in the Prize money team and accounts receivable;
13. Provision of administrative support to the Finance Manager, Accountant; and,
14. Other duties as directed by the Accountant.

Daily Responsibilities

- Act as support for all areas with POS equipment

Monthly Responsibilities

- Prepare end of month reconciliations

Yearly Responsibilities

- Annual Reconciliations and liaison with auditors

Senior Finance Officer – Accounts Payable**Duties**

1. Management of the Payroll functions for QRL which includes but is not limited to responsibility for the processing of timesheet and reimbursement claims, changes to the personnel data, processing of payments, processing payment summaries, reconciliation of payroll reports to the General Ledger and the monitoring and payment of group tax and payroll tax;
2. Liaison with QRL regions and staff regarding payroll enquiries;
3. Provision of accounting support for Queensland Race Product Co. including payments and reconciliation and Treasury Corporation including the maintenance of cash flows and investments;
4. Financial management of the QRL managed Capital Works programme including payments and reconciliation;
5. Management of QRL's Asset Register with additions and depreciation;
6. Responsibility for the collation and recording of data for FBT recording requirements;
7. Daily importing of Bank Statements through the QRL Corporate Online facility;
8. Undertake bank reconciliations including allocation of outstanding transactions;
9. Preparation of EFT files in banking software for creditor payments;
10. Daily monitoring of Cash Flow including cash flow summary;
11. Undertake interest received reconciliations including monthly accruals of interest revenue;
12. As the Senior Finance Officer, provide competent support to the Accountant.
13. Provide any additional administrative support as required by the Finance Manager.

Daily Responsibilities

- Retrieve and input bank statements
- Maintain investment register for all funds held by Queensland Racing
- Administer, maintain and control TAB and non-TAB club prize money distribution
- Act as support for all areas with POS equipment
- Prepare cash flow spreadsheets for all bank accounts

Monthly Responsibilities

- Prepare the bank reconciliation for all accounts
- Reconcile investment register to bank advices and general ledger
- Prepare end of month reconciliations

Yearly Responsibilities

- Assist in end of year reconciliations and audit work papers
- End of year payment summaries

6.2.5 Finance Officers

Accounts Receivable Officer

Duties

- Processing of invoices for Integrity Services, administration charges and other sales items and control over the invoicing process for all regions;
- As part of the team providing service to the industry, assist with enquiries regarding Prize money and adjustments to payments;
- Providing financial information by researching transaction history in regards to prize money adjustment payments;
- Management of the Queensland Racing overdue debtors list which includes the nominations and exclusions list including maintenance of the aged debtors ledger;
- Management of the Queensland Racing's fine system and control of outstanding payments through the production and maintenance of the Forfeit List;
- Reconciliation of general ledger accounts;
- General ledger control over direct deposits received from Debtors through the bank statement;
- Provide direct support to the supervisor of the team, the Senior Finance Officer and other accounts staff in the Prize money team;
- Provision of administrative support to the Finance Manager, Accountant; and,
- Other duties as directed by the Accountant and Finance Manager.

Daily Responsibilities

Accounts Receivable/Receipting

- Unlock safe and distribute cash float
- Issue receipts for cash and cheques received in the mail
- Update club charges register
- Prepare banking
- Send advices for any receipts of monies for disqualified persons
- Perform system backup

Weekly Responsibilities

Accounts Receivable / Receipting

- Update jockey insurance register
- Print delinquent letters for outstanding accounts

Monthly Responsibilities

Accounts Receivable/Receipting

- Send copies of outstanding debtors reports to stewards and regions
- Prepare debtors reconciliation.

Accounts Payable Officer

Duties

- Undertake all duties associated with the processing of invoices for payment for Queensland Racing head office and all regional offices including the generation of EFT payments;
- Responsibility for maintenance of the Petty Cash float including monitoring outgoing cash, balancing and reimbursement of petty cash and the allocation of all expenses through petty cash;
- Responsibility for all duties associated with the maintenance of Corporate Credit Cards, Telephone Accounts and BP Plus Accounts for all staff, including spread sheeting and documentation of relevant data, entry to the Accounting system and reconciliations;

Queensland Racing Limited

- Undertake all duties associated with Treasury cash fund transaction including spreadsheet maintenance and monthly reconciliations for the Queensland Racing Apprentice Trust, and Queensland Race Product Accounts;
- General Ledger Reconciliations;
- General office administration including undertaking ad hoc duties as required of the Accountant;
- Provide relief support to the Payroll functions as required;
- As part of the team providing service to the industry, assist with enquiries regarding Prize money and adjustments to payments;
- Liaison with regions and staff, including the Board as first contact point for enquires and problem resolution relating to expense reimbursements.
- Other duties as directed by the Finance Manager.

Daily Responsibilities

Accounts Payable

- Processing and maintenance of purchase orders
- Processing all invoices for payment
- Maintain apprentice jockey system
- Administer, maintain and control QTIS prize money claims and distribution

Weekly Responsibilities

Accounts Payable

- Draw cheques for payment of accounts
- List workers compensation payments

Monthly Responsibilities

Accounts Payable

- Prepare creditors reconciliation
- Process interest on apprentice jockey accounts

Finance and Administration Officer

DUTIES

- Responsibility for weekly preparation and processing of payments of prize money for all owners, trainers and jockeys within Queensland, including mail out of tax invoices/statements;
- Maintaining and controlling the integrity of key financial data for the efficient recording of prize money payments;
- Maintaining and controlling prize money stationery;
- Reconciliation of general ledger accounts;
- As part of the team providing service to the industry, assist with enquiries regarding Prize money and adjustments to payments;
- Attending to external phone calls.
- The preparation of correspondence as required.
- Receiving and recording cash and cheque payments.
- Provide competent support to reception.
- As a Finance and Administration officer, provide competent support to the Senior Finance Officer Prize money.
- Provide administrative support to the Finance department as required.
- Provide any additional administrative support as required by the Finance Manager.

6.2.6 Receptionist

KEY PERFORMANCE INDICATORS

1. Attend to all external and internal telephone calls and dispatch to appropriate destination in a timely and courteous manner.
2. To receive all incoming deliveries, sign as appropriate and advise the relevant section of such delivery.
3. To greet and announce all guests and arrivals to the appropriate departmental officer in a timely and courteous manner
4. Perform administrative work for the Finance Department as required at a high level of competence.
5. Attend to matters requiring attention, or refer them to the appropriate officer within Queensland Racing
6. Actively participate as a member of the Finance team.
7. Comply with all legislation, standards, work procedures and practices.
8. Demonstrate a personal commitment to Queensland Racing's-
 - (g) workplace health and safety policies to ensure personal safety and the safety of others; and
 - (h) equal opportunity objectives to ensure a workplace free from discrimination and harassment.

DUTIES

1. Attending to external and internal phone calls.
2. Receiving incoming deliveries.
3. Greeting all visitors.
4. The preparation of correspondence as required.
5. Receiving and recording cash and cheque payments.
6. As a receptionist, provide competent support to the Senior Finance Officer.
7. Provide administrative support to the Finance department as required.
8. Provide any additional administrative support as required by the Finance Manager.

PURCHASING POLICY

Owner

Finance Department

Stakeholders

Corporate Wide

Revision History

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	August 2006	First draft (Adam Carter)
1.02	Nov 2006	2nd Draft – QRL changes and delegations



PURCHASING POLICY:

QUEENSLAND RACING LIMITED

Introduction

This policy has been prepared to provide guidelines and procedures to be followed by officers of Queensland Racing Limited when undertaking and managing purchasing activities to meet the organisation's operational requirements and also meet the objectives of the policy.

Queensland Racing Limited is the Control Body established by, and obtaining its objects and functions from, the Racing Act 2002 and its Constitution. Queensland Racing Limited is required to conduct its financial activities with probity and accountability, in accordance with the Corporations Act 2001, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission-ASIC.

Key Principles

In conducting its purchasing activities it is the policy of Queensland Racing Limited to adhere, at all times, to the key principles of:

1. Value for money;
2. Quality of product, service, and support;
3. Open and fair competition;
4. Accountability of outcomes;
5. Use of Queensland product where price competitive, and where quality standards are met; and
6. Suppliers are compliant with all taxation requirements.

Policy

These principles have been applied in developing policy for the following key purchasing activities:

- Capital works projects;
- Consulting services;
- Sponsorship contracts;
- Information technology;
- Other capital expenditure; and
- Day to day purchasing of services and supplies.

Capital Works Projects

Queensland Racing Limited plays a major role in the implementation of industry capital works projects each year. Queensland Racing Limited establishes an annual program of capital works, within a specified budget, following consideration of proposals from race clubs and advice from relevant officers within the organisation.

The policy of Queensland Racing Limited, in relation to the implementation of approved projects, is briefly addressed below:

- Once projects are given preliminary approval through the annual capital budgeting process, race clubs will be required to provide detailed design and costing information, and a project plan, prepared by a suitably qualified and experienced independent consultant. Queensland Racing Limited may, at its discretion, instigate an assessment of this documentation by its own consulting engineers. Any variation to the estimate used in applying for inclusion on the capital works program must be disclosed and explained. Variations of greater than 10% from the preliminary estimate are to be referred back to the Board of Queensland Racing Limited;
- Assuming the project cost following detailed design is contained within 10% of the preliminary estimate, and Queensland Racing Limited is satisfied with the standard of documentation provided, final approval will be given for the project to proceed (Chief Operations Manager or Finance Manager);
- After final approval has been given, race clubs will be instructed that they can establish formal contractual arrangements for the construction works, in accordance with the approved budget. In establishing these contracts the club must pay regard to the key purchasing principles contained within this policy. Following establishment of the works contracts, Queensland Racing Limited will make payment of a grant to the club, equivalent to the agreed industry contribution. This grant will represent payment for a taxable supply, and will have GST added; and

- Following completion of the project, the club will provide Queensland Racing Limited with a report, which addresses the outcomes of the project, including cost to budget, quality of product, and timeliness.

Consulting Services

Queensland Racing Limited uses consulting services in a number of aspects of its operations including legal, information technology, human resource management, financial management, business development, and marketing.

These consultancies vary from short-term “one-off” contracts, to longer-term arrangements, which may encompass a series of different activities (e.g. marketing and promotional work).

For short-term “one-off” contracts the following policy guidelines are to apply:

- The six key purchasing principles outlines above are to be applied at all times;
- For contracts under \$10,000 in value, preferred supplier arrangements* can be used. That is, where a purchasing officer is satisfied that a consultant that has provided a high quality service in the past, has the necessary expertise to undertake the work, and is available in an appropriate timeframe, that consultant can be appointed without a formal competitive process being undertaken. If such a person is not available, three quotes from prospective consultants should be obtained and evaluated;

(* Please note that where preferred supplier arrangements are referred to later in this document for other categories of purchasing, similar procedures to those above will apply)

- For contracts between \$10,000 and \$100,000, tenders should be called from at least three “preferred” contractors. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles. The evaluation of the proposals should be undertaken by two accountable officers, and be approved by a delegated officer (Chief Operations Manager or Finance Manager);
- For contracts over \$100,000, a public tender process is required, including appropriate advertising of the consultancy. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers, and be approved by a delegated officer.

For longer-term consultancy arrangements (e.g. the ongoing purchase of external legal services that cannot be delivered in-house), which may involve the use of a preferred supplier or suppliers for a range of individual tasks over an extended period of time, the following guidelines are to be followed:

- The purchasing officer may select a consultant for a range of tasks from a panel of preferred suppliers for the type of work involved;
- Prior to such a selection, a competitive process, adhering to the six key purchasing principles of Queensland Racing Limited, to appoint the panel of preferred suppliers must have been undertaken, be appropriately documented, and be signed-off by a delegated officer;

- In selecting the preferred supplier from the panel, the purchasing officer must clearly document the reasons for the selection, and be accountable for that selection. The selection must be approved by a delegated officer; and
- Individual consultancy contracts over \$100,000 in value are not to be entered into under these preferred supplier arrangements. For such consultancies, an open tender process, as described above, must be followed.

Sponsorship Contracts

Queensland Racing Limited may enter into sponsorship contracts of a cash and exchange-of-goods and/or services (“contra”) nature.

In establishing these contracts, officers must adhere to Queensland Racing Limited’s key purchasing principles, particularly those of “accountability of outcomes”, and “compliance with all taxation requirements”. With these principles in mind, a Sponsorship Agreement pro-forma (refer to Appendix A) is to be prepared for all sponsorship arrangements, regardless of whether they involve a cash payment, or are solely contra in nature.

The sponsorship agreement is to clearly specify the goods and/or services that are to be delivered by both Queensland Racing Limited and the sponsor, and identify the value of these supplies so that GST obligations, including Tax Invoicing, can be satisfied.

All sponsorship agreements are to be authorised by an officer of Queensland Racing Limited with appropriate delegation, and a copy is to be provided to the Finance Section so that Tax Invoices can be prepared, and GST liabilities and credits accounted for.

Information Technology

The acquisition of information technology hardware and software represents a substantial investment of capital by Queensland Racing Limited each year.

Given the advancing nature of IT and the need to upgrade hardware and systems applications on an ongoing basis, it is the policy of Queensland Racing Limited to acquire such items through leasing arrangements. In this regard the following is to apply:

- A tender process, through a preferred supplier arrangement, is to be undertaken for the establishment of a medium to long-term lease contract for the supply of computer equipment, and other general office equipment where appropriate;
- This contract is to be reviewed on an annual basis to ensure the key principles of “value for money” and “quality of service and support” are being satisfied;
- Where a requirement to add items to the schedule covered by the lease has been identified, the purchasing officer must ensure the purchasing principles are adhered to. For items under \$10,000, preferred supplier arrangements can be used. For items \$10,000 or over, three quotes

must be obtained. Appropriate documentation to support the purchasing decisions must be maintained at all times; and

- Additionally, for individual acquisitions over \$10,000, a lease versus buy analysis must be undertaken before the item is added to the lease schedule.

The IT Section is also required to develop and maintain an *IT asset replacement strategy*, incorporating a list of all hardware and software under lease (or purchased), and information on the condition and expected useful life of individual items.

Other Capital Expenditure

Motor Vehicles

Queensland Racing Limited maintains a fleet of vehicles provided for both work and private use. These vehicles are to be leased through Q-Fleet or appropriate lease provider under the following arrangements:

- the leasing of a new vehicle must be approved by the Chief Operations Manager or Finance Manager; and
- The type and model of the vehicle, and any optional extras, must be commensurate with the status and nature of the role performed by the officer for which the car is being acquired, and be in accordance with the entitlements the officer has under his/her contract of employment;
- All vehicles are to be replaced after two years, or having travelled 40,000 klms, whichever comes first, unless the Chief Operations Manager or Finance Manager agrees to an extension of the leasing term.

On disposal of company-owned vehicles, three trade-in quotes must be obtained, where possible, with the highest trade-in valuation the key consideration in selecting the successful dealer. Queensland Racing Limited staff may be given the option to purchase the vehicle that is being traded, at no less than \$1 more than the best trade-in valuation. The Chief Operations Manager or the Finance Manager will determine the successful staff bidder in the event of two or more staff bidding for the same vehicle being traded.

Other capital purchases

All other capital purchases (e.g. office machines) made by Queensland Racing Limited are to adhere to the following guidelines:

- The six key purchasing principles outlined above are to be applied at all times;
- For items under \$10,000 in value, preferred supplier arrangements can be used;
- For capital items between \$10,000 and \$100,000, quotes should be called from at least three “preferred” suppliers. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles;

- For capital items over \$100,000, a public tender process is required. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers; and
- For all capital purchases of \$10,000 or more, a lease versus buy analysis is to be undertaken.

Day to day Purchasing of Services and Supplies.

Policy in relation to the day to day purchasing of services and supplies is as follows:

- For items supplied on a continuous basis (e.g. stationery, consumables, printing) preferred supplier arrangements may be used. Purchasing officers must ensure that the key purchasing principles are adhered to, especially “value for money” and “quality of service”;
- In this regard, officers are required to conduct a competitive process for the selection of a panel of preferred suppliers, for continuous supplies, on an annual basis. Documentation must be prepared and maintained in respect of preferred supplier selection, and the subsequent selection of a supplier from the panel for particular purchases;
- However, for any individual supply or service, which would normally form part of a continuous supply by an individual, that is to cost the organisation \$100,000 or more, an open competitive process must be undertaken. That is, any individual supply which is to cost \$100,000 or more, cannot form part of a continuous purchasing contract made under preferred supplier arrangements;
- For non-continuous supplies and services (e.g. “one-off” printing jobs) preferred supplier arrangements can be used for purchases under \$10,000, on the basis that Queensland Racing Limited’s key principles are satisfied. At least three competitive quotes must be obtained for any purchase of \$10,000 or more.

Delegations

All expenditures for goods and services are to be authorised by a duly delegated officer. These delegations are as follows:

Over \$100,000

- Board of Directors

Up to \$100,000

- Chief Operations Manager

Up to \$10,000

- Director - Integrity Operations
- Finance Manager
- Racing Services Manager
- Accountant

Up to \$2,000

- Business Analyst
- Board Secretary

- Information and Communications Manager
- Licensing and Training Manager
- Chief Steward
- Deputy Chief Steward – Southern Region
- Deputy Chief Steward – Northern Region
- Regional Senior Stewards
- Legal Compliance Counsel/Company Secretary
- Senior Administration Officer

Capitalisation of expenditure

Expenditure on discreetly identifiable plant and equipment items of \$2,000 and above will be capitalised where the future benefit of that expenditure exceeds one year at the time of purchase. All land purchases must be capitalised.

The Chief Operations Manager or Finance Manager may approve the capitalisation of services expenditures of \$2,000 and above where those services have a future benefit exceeding one year. All other service expenditures shall be written off in the financial year the expenditure was incurred.

Compliance with Commonwealth Government GST & Australian Business Number legislation

The Commonwealth Government implementation of GST and Australian Business Number legislation, has given rise to some additional obligations in respect of purchasing. These are as follows:

- Organisations are required to withhold 48.5% of any payment to a supplier of goods or services that does not provide an ABN. In response to this, it is the policy of Queensland Racing Limited that no supplies be purchased from entities that are unable to quote an ABN;
- All suppliers to Queensland Racing Limited are to be advised that they must be able to provide a “Tax Invoice” in the form specified by the GST legislation, to enable Queensland Racing Limited to claim input credits. Under law, the supplier must supply Queensland Racing Limited with a Tax Invoice within 28 days of request. Purchasing officers should not enter into contractual arrangements with suppliers unless satisfied that the supplier will be able to provide a suitable Tax Invoice; and
- When obtaining quotes or prices from potential suppliers, purchasing officers must satisfy themselves that the prices quoted are GST inclusive.

Documentation and the Role of the Finance Department

The Finance Department plays the lead role in ensuring Queensland Racing Limited meets its obligations under the Corporations Act 2001, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC through the development and implementation of appropriate accounting policies and controls.

While the Department will work to ensure operational areas within the organisation are meeting their obligations under the purchasing guidelines, senior managers also have a role to play in monitoring the purchasing activities of their staff.

With regard to documentation, all acquisitions need to be supported by evidence that appropriate purchasing principles and guidelines have been followed. In this regard:

- All purchases for non-continuous supplies must be accompanied by purchase orders that have been signed-off by a duly delegated officer. Additionally, copies of sponsorship agreement proformas must be provided to the Finance Manager on a timely basis; and
- The delegated officer must be satisfied that Queensland Racing Limited's purchasing policy has been adhered to, and that appropriate documentation that supports the six key principles (value for money, open and fair competition etc) has been gathered, and is available for audit scrutiny if required. The managers of organisational areas have responsibility for ensuring supporting documentation is maintained and is accessible.

Enquiries regarding these purchasing principles should be directed to the Chief Operations Manager or Finance Manager.

SPONSORSHIP AGREEMENT

BETWEEN:

(The Sponsor)

AND QUEENSLAND RACING LIMITED, a control body established under the Racing Act 2002 and Corporations Act 2001

(The Sponsored)

WHEREAS The Sponsor has agreed to provide sponsorship in accordance with this agreement.

AND The Sponsored has agreed to provide services in return for the sponsorship.

This Agreement provides:

1. The Sponsor will provide the following sponsorship to the Sponsored:

Details of Sponsorship [If insufficient space annex details]

- Money (here detail the sum of any monies to be paid to the Sponsored)
- Support (here detail all support services including the value thereof to be supplied to the Sponsored)

2. The Sponsored will provide the following services to the Sponsor: [If insufficient space annex details]

- Services (here detail all services including their value to be supplied by the Sponsored in return for the sponsorship)

3. It is hereby acknowledged that:

- (a) The Sponsored will issue a recipient created tax invoice to the Sponsor to meet Goods and Services Tax obligations in relation to the supply of money and for support;
- (b) The Sponsor will issue a recipient created tax invoice to the Sponsored to meet Good and Services Tax obligations in relation to the supply of services.

DATED this _____ day of _____ 20__

SIGNED AS AN AGREEMENT

SPONSOR

Full name of authorised officer

Signature of authorised officer

Signed in the presence of

SPONSORED **QUEENSLAND RACING LIMITED**

Full name of authorised officer

Signature of authorised officer

Signed in the presence of

PURCHASING POLICY

Owner

Finance Department

Stakeholders

Corporate Wide

Revision History

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	August 2006	First draft (Adam Carter)
1.02	Nov 2006	2nd Draft – QRL changes and delegations
1.03	March 2006	Under Review to be provided to 13 April 2007 Board Meeting



PURCHASING POLICY: QUEENSLAND RACING LIMITED

Introduction

This policy has been prepared to provide guidelines and procedures to be followed by officers of Queensland Racing Limited when undertaking and managing purchasing activities to meet the organisation's operational requirements and also meet the objectives of the policy.

Queensland Racing Limited is the Control Body established by, and obtaining its objects and functions from, the Racing Act 2002 and its Constitution. Queensland Racing Limited is required to conduct its financial activities with probity and accountability, in accordance with the Corporations Act 2001, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC.

Key Principles

In conducting its purchasing activities it is the policy of Queensland Racing Limited to adhere, at all times, to the key principles of:

1. Value for money;
2. Quality of product, service, and support;
3. Open and fair competition;
4. Accountability of outcomes;
5. Use of Queensland product where price competitive, and where quality standards are met; and
6. Suppliers are compliant with all taxation requirements.

Policy

These principles have been applied in developing policy for the following key purchasing activities:

- Capital works projects;
- Consulting services;
- Sponsorship contracts;
- Information technology;
- Other capital expenditure; and

- Day to day purchasing of services and supplies.

There is also a focus on using preferred suppliers as explained in this report in further detail. The procurement system should result in the following benefits:

- Reduce operating costs;
- Reduce risk;
- Increase control; and
- Improve cash flow visibility

Capital Works Projects

Queensland Racing Limited plays a major role in the implementation of industry capital works projects each year. Queensland Racing Limited establishes an annual program of capital works, within a specified budget, following consideration of proposals from race clubs and advice from relevant officers within the organisation.

The policy of Queensland Racing Limited, in relation to the implementation of approved projects, is briefly addressed below:

- Once projects are given preliminary approval through the annual capital budgeting process, race clubs will be required to provide detailed design and costing information, and a project plan, prepared by a suitably qualified and experienced independent consultant. Queensland Racing Limited may, at its discretion, instigate an assessment of this documentation by its own consulting engineers. Any variation to the estimate used in applying for inclusion in the capital works program must be disclosed and explained. Variations of greater than 10% from the preliminary estimate are to be referred back to the Board of Queensland Racing Limited;
- Assuming the project cost following detailed design is contained within 10% of the preliminary estimate, and Queensland Racing Limited is satisfied with the standard of documentation provided, final approval will be given for the project to proceed (Chief Operations Manager or Finance Manager);
- After final approval has been given, race clubs will be instructed that they can establish formal contractual arrangements for the construction works, in accordance with the approved budget. In establishing these contracts the club must pay regard to the key purchasing principles contained within this policy. Following establishment of the works contracts, Queensland Racing Limited will make payment of a grant to the club, equivalent to the agreed industry contribution. This grant will represent payment for a taxable supply, and will have GST added; and
- Following completion of the project, the club will provide Queensland Racing Limited with a report, which addresses the outcomes of the project, including cost to budget, quality of product, and timeliness.

Consulting Services

Queensland Racing Limited uses consulting services in a number of aspects of its operations including legal, information technology, human resource management, financial management, business development, and marketing.

These consultancies vary from short-term "one-off" contracts, to longer-term arrangements, which may encompass a series of different activities (e.g. marketing and promotional work).

For short-term "one-off" contracts the following policy guidelines are to apply:

- The six key purchasing principles outlined above are to be applied at all times;
- For contracts under \$10,000 in value, preferred supplier arrangements* can be used. That is, where a purchasing officer is satisfied that a consultant that has provided a high quality service in the past, has the necessary expertise to undertake the work, and is available in an appropriate timeframe, that

consultant can be appointed without a formal competitive process being undertaken. If such a person is not available, three quotes from prospective consultants should be obtained and evaluated;

(* Please note that where preferred supplier arrangements are referred to later in this document for other categories of purchasing, similar procedures to those above will apply)

- For contracts between \$10,000 and \$100,000, tenders should be called from at least three “preferred” contractors. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles. The evaluation of the proposals should be undertaken by two accountable officers, and be approved by a delegated officer (Chief Operations Manager or Finance Manager);
- For contracts over \$100,000, a public tender process is required subject to board approval, including appropriate advertising of the consultancy. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers, and be approved by a delegated officer.

For longer-term consultancy arrangements (e.g. the ongoing purchase of external legal services that cannot be delivered in-house), which may involve the use of a preferred supplier or suppliers for a range of individual tasks over an extended period of time, the following guidelines are to be followed:

- The purchasing officer may select a consultant for a range of tasks from a panel of preferred suppliers for the type of work involved;
- Prior to such a selection, a competitive process, adhering to the six key purchasing principles of Queensland Racing Limited, to appoint the panel of preferred suppliers must have been undertaken, be appropriately documented, and be signed-off by a delegated officer;
- In selecting the preferred supplier from the panel, the purchasing officer must clearly document the reasons for the selection, and be accountable for that selection. The selection must be approved by a delegated officer; and
- Individual consultancy contracts over \$100,000 in value are not to be entered into under these preferred supplier arrangements. For such consultancies, an open tender process subject to board approval, as described above, must be followed.

Sponsorship Contracts

Queensland Racing Limited may enter into sponsorship contracts of a cash and exchange-of-goods and/or services (“contra”) nature.

In establishing these contracts, officers must adhere to Queensland Racing Limited’s key purchasing principles, particularly those of “accountability of outcomes”, and “compliance with all taxation requirements”. With these principles in mind, a Sponsorship Agreement pro-forma (refer to Appendix A) is to be prepared for all sponsorship arrangements, regardless of whether they involve a cash payment, or are solely contra in nature.

The sponsorship agreement is to clearly specify the goods and/or services that are to be delivered by both Queensland Racing Limited and the sponsor, and identify the value of these supplies so that GST obligations, including Tax Invoicing, can be satisfied.

All sponsorship agreements are to be authorised by an officer of Queensland Racing Limited with appropriate delegation, and a copy is to be provided to the Finance Section so that Tax Invoices can be prepared, and GST liabilities and credits accounted for.

Information Technology

The acquisition of information technology hardware and software represents a substantial investment of capital by Queensland Racing Limited each year.

Given the advancing nature of IT and the need to upgrade hardware and systems applications on an ongoing basis, it is the policy of Queensland Racing Limited to acquire such items through leasing arrangements. In this regard the following is to apply:

- A tender process, through a preferred supplier arrangement, is to be undertaken for the establishment of a medium to long-term lease contract for the supply of computer equipment, and other general office equipment where appropriate;
- This contract is to be reviewed on an annual basis to ensure the key principles of “value for money” and “quality of service and support” are being satisfied;
- Where a requirement to add items to the schedule covered by the lease has been identified, the purchasing officer must ensure the purchasing principles are adhered to. For items under \$10,000, preferred supplier arrangements can be used. For items \$10,000 or over, three quotes must be obtained. Appropriate documentation to support the purchasing decisions must be maintained at all times; and

The IT Section is also required to develop and maintain an *IT asset replacement strategy*, incorporating a list of all hardware and software under lease (or purchased), and information on the condition and expected useful life of individual items.

Other Capital Expenditure

Motor Vehicles

Queensland Racing Limited maintains a fleet of vehicles provided for both work and private use. These vehicles are to be leased through Q-Fleet or appropriate lease provider under the following arrangements:

- the leasing of a new vehicle must be approved by the Chief Operations Manager or Finance Manager; and
- The type and model of the vehicle, and any optional extras, must be commensurate with the status and nature of the role performed by the officer for which the car is being acquired, and be in accordance with the entitlements the officer has under his/her contract of employment;
- All vehicles are to be replaced after two years, or having travelled 40,000 kms, whichever comes first, unless the Chief Operations Manager or Finance Manager agrees to an extension of the leasing term.

On disposal of company-owned vehicles, three trade-in quotes must be obtained, where possible, with the highest trade-in valuation the key consideration in selecting the successful dealer. Queensland Racing Limited staff may be given the option to purchase the vehicle that is being traded, at no less than \$1 more than the best trade-in valuation. The Chief Operations Manager or the Finance Manager will determine the successful staff bidder in the event of two or more staff bidding for the same vehicle being traded.

Other capital purchases

All other capital purchases (e.g. office machines) made by Queensland Racing Limited are to adhere to the following guidelines:

- The six key purchasing principles outlined above are to be applied at all times;
- For items under \$10,000 in value, preferred supplier arrangements can be used;
- For capital items between \$10,000 and \$100,000, quotes should be called from at least three “preferred” suppliers. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles;
- For capital items over \$100,000, a public tender process is required subject to board approval. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers; and
- For all capital purchases of \$10,000 or more, a lease versus buy analysis is to be undertaken.

Day to day Purchasing of Services and Supplies.

Policy in relation to the day to day purchasing of services and supplies is as follows:

- For items supplied on a continuous basis (e.g. stationery, consumables, printing) preferred supplier arrangements may be used. Purchasing officers must ensure that the key purchasing principles are adhered to, especially “value for money” and “quality of service”;
- In this regard, officers are required to conduct a competitive process for the selection of a panel of preferred suppliers, for continuous supplies, on an annual basis. Documentation must be prepared and maintained in respect of preferred supplier selection, and the subsequent selection of a supplier from the panel for particular purchases;
- However, for any individual supply or service, which would normally form part of a continuous supply by an individual, that is to cost the organisation \$100,000 or more, an open competitive process must be undertaken. That is, any individual supply which is to cost \$100,000 or more, cannot form part of a continuous purchasing contract made under preferred supplier arrangements;
- For non-continuous supplies and services (e.g. “one-off” printing jobs) preferred supplier arrangements can be used for purchases under \$10,000, on the basis that Queensland Racing Limited’s key principles are satisfied. At least three competitive quotes must be obtained for any purchase of \$10,000 or more.

Preferred Suppliers

As much as possible, Queensland Racing should consolidate its suppliers and utilise preferred suppliers for either off-the-shelf goods/services where there are several sources of supply and the purchase is low risk or where there is an established relationship with a proven record of success. The advantages of using preferred suppliers are that it streamlines and simplifies purchasing, reduces administrative costs and promotes cost savings through volume discounts and exclusivity arrangements. Other benefits are that it minimises costs and risk for suppliers through not being required to regularly prepare and submit quotations.

1.1. Indicative Supplier Listing

An indicative listing of preferred suppliers has been identified and is available from Finance - accounts payable through discussions with management. The list should be considered as a first cut as further work will be required to refine this list to ensure that regular purchases are defined by a supplier.

1.2. Selection of Preferred Suppliers

The selection of preferred suppliers should be based on selection criteria that could include:

- Technical capability and experience
- Financial capacity and viability
- System and management responsibility incorporating product and service compliance with agreed industry standards
- People
- Business/organisation factors
- Favourable referee reports (a successful track record to deliver)
- Queensland Racing's 6 key principles:
 1. Value for money;
 2. Quality of product, service, and support;
 3. Open and fair competition;
 4. Accountability of outcomes;
 5. Use of Queensland product where price competitive, and where quality standards are met; and
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ITEM	POSITION					
	Regional Senior Stewards	Managers, Deputy Chief Steward Supervisors	Director of Integrity Operations, Racing Services Manager, Chief Steward, Accountant	Finance Manager	Chief Operations Manager	Board of Directors
Overall Delegation	<\$500	<\$2,000	<\$10,000	<\$10,000	<\$100,000	>\$100,000
Standard Purchase Orders	<\$500 Own Profit Centre Only – budgeted	<\$2,000 Own Profit Centre Only – budgeted	<\$10,000 Own Profit Centre Only - budgeted	To Budget – all profit centres	To Budget	If outside of aggregate annual budget
Emergency Purchase Orders	<\$500	<\$2,000	<\$10,000	To Budget	To Budget	Same as above
Requisition - Miscellaneous Purchases (Credit Cards) (<i>Refer to Expense reimbursement policy for conditions</i>)	x	x	<\$10,000	To Budget	To Budget	Same as above
Petty Cash	<\$100	<\$100	<\$100	<\$300	<\$300	<\$300
Capital Expenditure Purchase Orders and Request Forms	x	x	x	Forecast projects if <\$10,000 or if satisfied COM has previously approved the project	Any single project <\$100,000 where included in approved annual budget	Any single project above \$100,000
Domestic (Interstate) travel	x	x	To budget and advise COM	To budget and advise COM	To budget	If outside of aggregate annual budget
International Travel	x	x	x	x	To Budget	If outside of aggregate annual budget
Official Hospitality	<\$100	<\$100 <\$300 Senior Management Team	<\$300	<\$300 or other functions as approved by COM	To Budget	Yes
Employment of new staff	x	x	Negotiation only if resignation and within same salary range and approval from COM	Employment letters and contracts assuming COM approval	Yes	Yes
Contractual Agreements (All contracts to be reviewed by Legal Compliance)	x	x	<\$10,000 total value (not lease or licence) assuming	Yes with COM assuming COM previously approved and	Yes where value <\$100,000	Yes – subject to Board Agreement

Officer/Company Secretary for updating of Contracts register and asses if any legal advice required)			that authorised to sign in ordinary operations	legally authorised to sign where <\$100,000		
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The same delegations above apply to the payment of invoices with one exception:

- An invoice can be approved by a person with a lesser delegation provided the original purchase order was approved appropriately and the invoice does not exceed an amount that exceeds 10% of the original purchase order.

It should be noted that as a business rule, staff are not allowed to circumvent their delegation by raising multiple orders to purchase a good or service for an amount that exceeds their delegation limit.

Delegations

All expenditures for goods and services are to be authorised by a duly delegated officer. These delegations are as follows:

Over \$100,000

- Board of Directors

Up to \$100,000

- Chief Operations Manager

Up to \$10,000

- Director - Integrity Operations
- Finance Manager
- Racing Services Manager
- Chief Steward
- Accountant

Up to \$2,000

- Business Analyst
- Board Secretary
- IT and Communication Manager
- Training and Licensing Manager
- Deputy Chief Steward - Queensland
- Legal Compliance Counsel/Company Secretary
- Executive Assistant
- Production Camera Operator/Editor

Up to \$500

- Regional Senior Stewards (Northern Region – Townsville, Senior Steward Capricornia Rockhampton and Steward in Charge Downs - Toowoomba)

Capitalisation of expenditure

Expenditure on discreetly identifiable plant and equipment items of **\$2,000** and above will be capitalised where the future benefit of that expenditure exceeds one year at the time of purchase. All land purchases must be capitalised.

The Chief Operations Manager or Finance Manager may approve the capitalisation of services expenditures of \$2,000 and above where those services have a future benefit exceeding one year. All assets which are <\$2,000 must be expensed in the year of purchase and recorded in the portable and attractive items register. All other service expenditures shall be written off in the financial year the expenditure was incurred.

Compliance with Commonwealth Government GST & Australian Business Number legislation

The Commonwealth Government implementation of GST and Australian Business Number legislation, has given rise to some additional obligations in respect of purchasing. These are as follows:

- Organisations are required to withhold 48.5% of any payment to a supplier of goods or services that does not provide an ABN. In response to this, it is the policy of Queensland Racing Limited that no supplies be purchased from entities that are unable to quote an ABN;
- All suppliers to Queensland Racing Limited are to be advised that they must be able to provide a "Tax Invoice" in the form specified by the GST legislation, to enable Queensland Racing Limited to claim input credits. Under law, the supplier must supply Queensland Racing Limited with a Tax Invoice within 28 days of request. Queensland Racing staff should not enter into contractual arrangements with suppliers unless satisfied that the supplier will be able to provide a suitable Tax Invoice; and
- When obtaining quotes or prices from potential suppliers, purchasing officers must satisfy themselves that the prices quoted are GST inclusive.

Documentation and the Role of the Finance Department

The Finance Department plays the lead role in ensuring Queensland Racing Limited meets its obligations under the Corporations Act 2001, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC through the development and implementation of appropriate accounting policies and controls.

While the Department will work to ensure operational areas within the organisation are meeting their obligations under the purchasing guidelines, senior managers also have a role to play in monitoring the purchasing activities of their staff.

With regard to documentation, all acquisitions need to be supported by evidence that appropriate purchasing principles and guidelines have been followed. In this regard:

- All purchases for non-continuous supplies must be accompanied by purchase orders that have been signed-off by a duly delegated officer. Additionally, copies of sponsorship agreement pro-formas must be provided to the Finance Manager on a timely basis; and
- The delegated officer must be satisfied that Queensland Racing Limited's purchasing policy has been adhered to, and that appropriate documentation that supports the six key principles (value for money, open and fair competition etc) has been gathered, and is available for audit scrutiny if required. The managers of organisational areas have responsibility for ensuring supporting documentation is maintained and is accessible.

Enquiries regarding these purchasing principles should be directed to the Chief Operations Manager or Finance Manager.

Payment Methods

Direct Debit

1.3. Business Condition

Purchases that occur at set times throughout the year for set dollar amounts.

1.4. Business Rule

Invoices for goods or services that fall under this category include:

1. Rentals
2. Leases
3. Superannuation

Payments will be made via direct debit at the time dictated by the invoice.

1.5. Dependencies

Payments must be fixed frequency and price.

Cheque

1.6. Business Condition

One-off purchases that can not be paid through any other alternative option.

1.7. Electronic Funds Transfer (EFT)

All other purchases will be paid by Electronic Funds Transfer (EFT) unless previously authorised by Finance Manager

Payment Summary

A summary of the different methods for paying invoices is provided below:

Payment Types	Business Condition
EFT	Used for standard purchasing from preferred suppliers Used for emergency purchases from preferred supplier in response to an emergency situation
Direct Debit	Used for purchases that occur at set times throughout the year for set dollar amounts
Cheque	Used for miscellaneous purchases on a "case-by-case" basis only
Credit Cards	Used for purchases made with non-preferred suppliers for dollar amounts up to delegated authority.
Petty Cash	Used for miscellaneous purchasing of items with a value of less than \$100 unless authorised by Finance Manager

Summary of Key Controls

As a high level summary, the key controls associated with the procurement system are:

- Only deal with suppliers who have a valid ABN
- Three quotes required for amounts >\$10,000 where a preferred supplier is not used
- Tax invoices to be obtained at all times
- Required signatures for goods received
- Vendor creation, deletion or addition must be performed by the Accounts Payable Officer and the bank account details are required in accordance to the Sun Security matrix to be entered by an accounts receivable officer who does not have the ability to raise purchase orders or make payments in SUN. The change of details form is located.\Accounts Payable\FORMS\Change of Details form.xls
- Invoices are only paid after the prior approval of a purchase order (excluding credit card statement payments and direct debits) and after goods have been received
- Established delegation limits with a 10% tolerance level up to a limit of \$100
- Credit card holders can make transactions greater than their delegation limit provided a purchase requisition with appropriate approval has been obtained first.

In addition to the above, Queensland Racing should perform an annual supplier analysis to review expenditure to determine that value for money is being achieved.

SPONSORSHIP AGREEMENT

BETWEEN:

(The Sponsor)

AND QUEENSLAND RACING LIMITED, a control body established under the Racing Act 2002 and Corporations Act 2001

(The Sponsored)

WHEREAS The Sponsor has agreed to provide sponsorship in accordance with this agreement.

AND The Sponsored has agreed to provide services in return for the sponsorship.

This Agreement provides:

1. The Sponsor will provide the following sponsorship to the Sponsored:
Details of Sponsorship [If insufficient space annex details]
 - Money (here detail the sum of any monies to be paid to the Sponsored)
 - Support (here detail all support services including the value thereof to be supplied to the Sponsored)
2. The Sponsored will provide the following services to the Sponsor: [If insufficient space annex details]
 - Services (here detail all services including their value to be supplied by the Sponsored in return for the sponsorship)
3. It is hereby acknowledged that:
 - (a) The Sponsored will issue a recipient created tax invoice to the Sponsor to meet Goods and Services Tax obligations in relation to the supply of money and for support;
 - (b) The Sponsor will issue a recipient created tax invoice to the Sponsored to meet Good and Services Tax obligations in relation to the supply of services.

DATED this _____ day of _____ 20__

SIGNED AS AN AGREEMENT

SPONSOR

Full name of authorised officer

Signature of authorised officer

Signed in the presence of



SPONSORED

QUEENSLAND RACING LIMITED

Full name of authorised officer

Signature of authorised officer

Signed in the presence of

PURCHASING POLICY

Owner

Finance Department

Stakeholders

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- For items under \$10,000 in value, preferred supplier arrangements can be used;
- For capital items between \$10,000 and \$100,000, quotes should be called from at least three “preferred” suppliers. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles;
- For capital items over \$100,000, which previously required an open tender process will in future be subject to Board discretion as to the waiver of an open tender. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers; and

- For all capital purchases of \$10,000 or more, a lease versus buy analysis is to be undertaken.

Day to day Purchasing of Services and Supplies.

Policy in relation to the day to day purchasing of services and supplies is as follows:

- For items supplied on a continuous basis (e.g. stationery, consumables, printing) preferred supplier arrangements may be used. Purchasing officers must ensure that the key purchasing principles are adhered to, especially “value for money” and “quality of service”;
- In this regard, officers are required to conduct a competitive process for the selection of a panel of preferred suppliers, for continuous supplies, on an annual basis. Documentation must be prepared and maintained in respect of preferred supplier selection, and the subsequent selection of a supplier from the panel for particular purchases;
- However, for any individual supply or service, which would normally form part of a continuous supply by an individual, that is to cost the organisation \$100,000 or more, an open competitive process must be undertaken. That is, any individual supply which is to cost \$100,000 or more, cannot form part of a continuous purchasing contract made under preferred supplier arrangements;
- For non-continuous supplies and services (e.g. “one-off” printing jobs) preferred supplier arrangements can be used for purchases under \$10,000, on the basis that Queensland Racing Limited’s key principles are satisfied. At least three competitive quotes must be obtained for any purchase of \$10,000 or more.

Preferred Suppliers

As much as possible, Queensland Racing should consolidate its suppliers and utilise preferred suppliers for either off-the-shelf goods/services where there are several sources of supply and the purchase is low risk or where there is an established relationship with a proven record of success. The advantages of using preferred suppliers are that it streamlines and simplifies purchasing, reduces administrative costs and promotes cost savings through volume discounts and exclusivity arrangements. Other benefits are that it minimises costs and risk for suppliers through not being required to regularly prepare and submit quotations.

1.1. Indicative Supplier Listing

An indicative listing of preferred suppliers has been identified and is available from Finance - accounts payable through discussions with management. The list should be considered as a first cut as further work will be required to refine this list to ensure that regular purchases are defined by a supplier.

1.2. Selection of Preferred Suppliers

The selection of preferred suppliers should be based on selection criteria that could include:

- Technical capability and experience
- Financial capacity and viability
- System and management responsibility incorporating product and service compliance with agreed industry standards
- People
- Business/organisation factors
- Favourable referee reports (a successful track record to deliver)
- Queensland Racing's 6 key principles:
 1. Value for money;
 2. Quality of product, service, and support;
 3. Open and fair competition;
 4. Accountability of outcomes;
 5. Use of Queensland product where price competitive, and where quality standards are met; and
 6. Suppliers are compliant with all taxation requirements.

Preferred Suppliers Listing.

G:\Finance\Agreements\Preferred Suppliers Listing.xls {need to list in common drive for all to access as no other departments have access to this folder and you only need 1 sheet not all the support as well as people will get confused I have a fgood example from Deloitte}

ITEM	POSITION					
	Regional Senior Stewards	Managers, Deputy Chief Steward Supervisors	Director of Integrity Operations, Racing Services Manager, Chief Steward, Accountant	Finance Manager	Chief Operations Manager	Board of Directors
Overall Delegation	<\$500	<\$2,000	<\$10,000	<\$10,000	<\$100,000	>\$100,000
Standard Purchase Orders	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS
Emergency Purchase Orders	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS
Requisition - Miscellaneous Purchases (Credit Cards) (<i>Refer to Expense reimbursement policy for conditions</i>)	x	x	<\$10,000	To Budget	To Budget	Same as above
Petty Cash	<\$100	<\$100	<\$100	<\$300	<\$300	<\$300
Capital Expenditure Purchase Orders and Request Forms	x	x	x	Forecast projects if <\$10,000 or if satisfied COM has previously approved the project	Any single project <\$100,000 where included in approved annual budget	Any single project above \$100,000
Domestic (Interstate) travel	x	x	To budget and advise COM	To budget and advise COM	To budget	If outside of aggregate annual budget
International Travel	x	x	x	x	To Budget	If outside of aggregate annual budget
Official Hospitality	<\$100	<\$100 <\$300 Senior Management Team	<\$300	<\$300 or other functions as approved by COM	To Budget	Yes
Employment of new staff	x	x	Negotiation only if resignation and within same salary range and approval from COM	Employment letters and contracts assuming COM approval	Yes	Yes
Contractual Agreements (All contracts to be reviewed by Legal Compliance Officer/Company Secretary for updating of Contracts register and asses if any legal advice required)	x	x	<\$10,000 total value (not lease or licence) assuming that authorised to sign in ordinary	Yes with COM assuming COM previously approved and legally authorised to sign	Yes where value <\$100,000	Yes – subject to Board Agreement

			operations	where <\$100,000		
Execution of Contractual Agreements (All contracts to be reviewed by Legal Compliance Counsel/Company Secretary for updating of Contracts register and asses if any legal advice required)		To be executed by 2 Directors of the Company or a Director and a Company Secretary of the Company (S127 (1) – Corporations Act 2001).				

The same delegations above apply to the payment of invoices with one exception:

- An invoice can be approved by a person with a lesser delegation provided the original purchase order was approved appropriately and the invoice does not exceed an amount that exceeds 10% of the original purchase order.

It should be noted that as a business rule, staff are not allowed to circumvent their delegation by raising multiple orders to purchase a good or service for an amount that exceeds their delegation limit.

Delegations

All expenditures for goods and services are to be authorised by a duly delegated officer. These delegations are as follows:

Over \$100,000

- Board of Directors

Up to \$100,000

- Chief Operations Manager

Up to \$10,000

- Director - Integrity Operations
- Finance Manager
- Racing Services Manager
- Chief Steward
- Accountant

Up to \$2,000

- Business Analyst
- Board Secretary
- IT and Communication Manager
- Training and Licensing Manager
- Deputy Chief Steward - Queensland
- Corporate Counsel/Company Secretary
- Executive Assistant
- Production Camera Operator/Editor

Up to \$500

- Regional Senior Stewards (Northern Region – Townsville, Senior Steward Capricornia Rockhampton and Steward in Charge Downs - Toowoomba)

Capitalisation of expenditure

Expenditure on discreetly identifiable plant and equipment items of **\$2,000** and above will be capitalised where the future benefit of that expenditure exceeds one year at the time of purchase. All land purchases must be capitalised.

The Chief Operations Manager or Finance Manager may approve the capitalisation of services expenditures of \$2,000 and above where those services have a future benefit exceeding one year. All assets which are <\$2,000 must be expensed in the year of purchase and recorded in the portable and attractive items register. All other service expenditures shall be written off in the financial year the expenditure was incurred.

Compliance with Commonwealth Government GST & Australian Business Number legislation

The Commonwealth Government implementation of GST and Australian Business Number legislation, has given rise to some additional obligations in respect of purchasing. These are as follows:

- Organisations are required to withhold 48.5% of any payment to a supplier of goods or services that does not provide an ABN. In response to this, it is the policy of Queensland Racing Limited that no supplies be purchased from entities that are unable to quote an ABN;
- All suppliers to Queensland Racing Limited are to be advised that they must be able to provide a "Tax Invoice" in the form specified by the GST legislation, to enable Queensland Racing Limited to claim input credits. Under law, the supplier must supply Queensland Racing Limited with a Tax Invoice within 28 days of request. Queensland Racing staff should not enter into contractual arrangements with suppliers unless satisfied that the supplier will be able to provide a suitable Tax Invoice; and
- When obtaining quotes or prices from potential suppliers, purchasing officers must satisfy themselves that the prices quoted are GST inclusive.

Documentation and the Role of the Finance Department

The Finance Department plays the lead role in ensuring Queensland Racing Limited meets its obligations under the Corporations Act 2001, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC through the development and implementation of appropriate accounting policies and controls.

While the Department will work to ensure operational areas within the organisation are meeting their obligations under the purchasing guidelines, senior managers also have a role to play in monitoring the purchasing activities of their staff. [As such, senior managers should ensure that all purchases are made based on current contracts or agreements with suppliers. The purchase of goods and services from suppliers based on expired or terminated contracts is prohibited.](#)

With regard to documentation, all acquisitions need to be supported by evidence that appropriate purchasing principles and guidelines have been followed. In this regard:

- [Once a supplier has been engaged to provide a good or service, documentation regarding the tender or decision process must be given to the Finance Department for filing. This documentation must support the decision making process and appropriate purchasing principles;](#)
- All purchases for non-continuous supplies that are not completed through petty cash or credit cards must be completed in IPOS. Additionally, copies of sponsorship agreement pro-formas must be provided to the Finance Manager on a timely basis; and
- The delegated officer must be satisfied that Queensland Racing Limited's purchasing policy has been adhered to, and that appropriate documentation that supports the six key principles (value for money, open and fair competition etc) has been gathered, and is available for audit scrutiny if required. The managers of organisational areas have responsibility for ensuring supporting documentation is maintained and is accessible.

Enquiries regarding these purchasing principles should be directed to the Chief Operations Manager or Finance Manager.

IPOS

IPOS is an online web enable electronic procurement system. It has been custom built to meet QRL and industry needs and greatly enhances QRL's ability to operate in today's modern information driven environment.

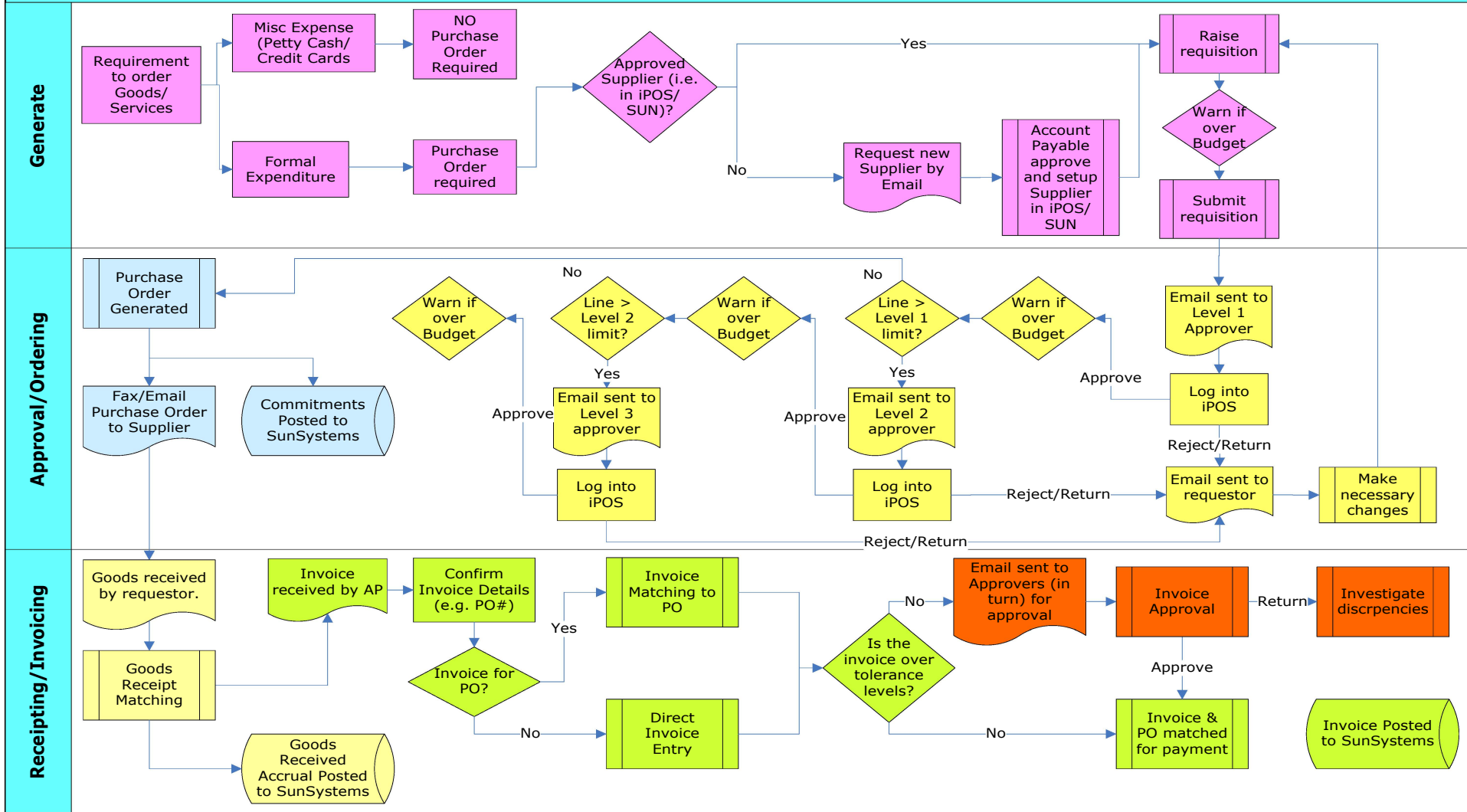
The main objectives of IPOS are:

- To provide the underlying systems to enable the business to obtain tighter budgetary controls, including the recording of committed expenditure,
- To provide managers with the appropriate tools to focus on their individual budgets,
- Implementation of systemic controls over the procure to pay process,
- Improved reporting to the whole business,

- To bring QRL in line with best practice procurement through taking advantage of e-commerce, electronic purchase ordering and scanning.
- Provide more real time reporting with less reliance on accounts payable,
- Introduction of process efficiencies for accounts payable, removing the many manual processes currently in use, such as manual purchase order generation and invoice approvals.
- Ability to interface with supplier ordering systems resulting in less manual entry.

The process map for QRL's procurement process is featured below.

Queensland Racing Limited Purchasing Procedure



The major advantage of IPOS is that it enforces QRL's purchasing policy in an electronic procurement system. All management delegations are enforced at requisition and invoice stage. Separation of duties ensures that only requisitioners can create purchase orders and only management can authorise. From 1 July 2009 where applicable all invoices will only be paid if an IPOS purchase order number is quoted on the invoice. Instances where invoices do not require IPOS purchase orders are Energy, phones, rates and other standard monthly charges.

IPOS Procedures are linked below:

<http://starcraft:8080/finance/Shared%20Documents/Forms/AllItems.aspx>

Payment Methods

Direct Debit

1.3. Business Condition

Purchases that occur at set times throughout the year for set dollar amounts.

1.4. Business Rule

Invoices for goods or services that fall under this category include:

1. Rentals
2. Leases
3. Superannuation

Payments will be made via direct debit at the time dictated by the invoice.

1.5. Dependencies

Payments must be fixed frequency and price.

Cheque

1.6. Business Condition

One-off purchases that can not be paid through any other alternative option.

1.7. Electronic Funds Transfer (EFT)

All other purchases will be paid by Electronic Funds Transfer (EFT) unless previously authorised by Finance Manager

Payment Summary

A summary of the different methods for paying invoices is provided below:

Payment Types	Business Condition
EFT	Used for standard purchasing from preferred suppliers Used for emergency purchases from preferred supplier in response to an emergency situation
Direct Debit	Used for purchases that occur at set times throughout the year for set dollar amounts
Cheque	Used for miscellaneous purchases on a "case-by-case" basis only. To be used only in exceptional circumstances.
Credit Cards	Used for purchases made with non-preferred suppliers for dollar amounts up to delegated authority.
Petty Cash	Used for miscellaneous purchasing of items with a value of less than \$100 unless authorised by Finance Manager

Summary of Key Controls

As a high level summary, the key controls associated with the procurement system are:

- Only deal with suppliers who have a valid ABN
- Three quotes required for amounts >\$10,000 where a preferred supplier is not used
- Tax invoices to be obtained at all times
- Required signatures for goods received
- Vendor creation, deletion or addition must be performed by the Accounts Payable Officer and the bank account details are required in accordance to the Sun Security matrix to be entered by an accounts receivable officer who does not have the ability to raise purchase orders or make payments in SUN. The change of details form is located G:\Finance\FORMS\Accounts Payable\Change of Details form.xls
- Invoices are only paid after the prior approval of a purchase order (excluding credit card statement payments and direct debits) and after goods have been received
- Established delegation limits with a 10% tolerance level up to a limit of \$100
- Credit card holders can make transactions greater than their delegation limit provided a purchase requisition with appropriate approval has been obtained first.

In addition to the above, Queensland Racing should perform an annual supplier analysis to review expenditure to determine that value for money is being achieved.

SPONSORSHIP AGREEMENT

BETWEEN:

(The Sponsor)

AND QUEENSLAND RACING LIMITED, a control body established under the Racing Act 2002 and Corporations Act 2001

(The Sponsored)

WHEREAS The Sponsor has agreed to provide sponsorship in accordance with this agreement.

AND The Sponsored has agreed to provide services in return for the sponsorship.

This Agreement provides:

1. The Sponsor will provide the following sponsorship to the Sponsored:
Details of Sponsorship [If insufficient space annex details]
 - Money (here detail the sum of any monies to be paid to the Sponsored)
 - Support (here detail all support services including the value thereof to be supplied to the Sponsored)
2. The Sponsored will provide the following services to the Sponsor: [If insufficient space annex details]
 - Services (here detail all services including their value to be supplied by the Sponsored in return for the sponsorship)
3. It is hereby acknowledged that:
 - (a) The Sponsored will issue a recipient created tax invoice to the Sponsor to meet Goods and Services Tax obligations in relation to the supply of money and for support;
 - (b) The Sponsor will issue a recipient created tax invoice to the Sponsored to meet Good and Services Tax obligations in relation to the supply of services.

DATED this _____ day of _____ 20__

SIGNED AS AN AGREEMENT

SPONSOR

Full name of authorised officer

Signature of authorised officer

Signed in the presence of



SPONSORED

QUEENSLAND RACING LIMITED

Full name of authorised officer

Signature of authorised officer

Signed in the presence of

PURCHASING POLICY

Owner

Finance Department

Stakeholders

Corporate Wide

Revision History

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	August 2006	First draft (Adam Carter)
1.02	Nov 2006	2nd Draft – QRL changes and delegations
1.03	March 2006	QRL Changes and delegations approved 13 April 2007 Board Meeting (Adam Carter)
1.04	May 2009	Update IPOS (Murray Dyke; reviewed Adam Carter)



PURCHASING POLICY: QUEENSLAND RACING LIMITED

Introduction

This policy has been prepared to provide guidelines and procedures to be followed by officers of Queensland Racing Limited when undertaking and managing purchasing activities to meet the organisation's operational requirements and also meet the objectives of the policy.

Queensland Racing Limited is the Control Body established by, and obtaining its objects and functions from, the Racing Act 2002 and its Constitution. Queensland Racing Limited is required to conduct its financial activities with probity and accountability, in accordance with the Corporations Act 2001, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC.

Key Principles

In conducting its purchasing activities it is the policy of Queensland Racing Limited to adhere, at all times, to the key principles of:

1. Value for money;
2. Quality of product, service, and support;
3. Open and fair competition;
4. Accountability of outcomes;
5. Use of Queensland product where price competitive, and where quality standards are met; and
6. Suppliers are compliant with all taxation requirements.

Policy

These principles have been applied in developing policy for the following key purchasing activities:

- Capital works projects;
- Consulting services;
- Sponsorship contracts;
- Information technology;
- Other capital expenditure; and

- Day to day purchasing of services and supplies.

There is also a focus on using preferred suppliers as explained in this report in further detail. The procurement system should result in the following benefits:

- Reduce operating costs;
- Reduce risk;
- Increase control; and
- Improve cash flow visibility

Capital Works Projects

Queensland Racing Limited plays a major role in the implementation of industry capital works projects each year. Queensland Racing Limited establishes an annual program of capital works, within a specified budget, following consideration of proposals from race clubs and advice from relevant officers within the organisation.

The policy of Queensland Racing Limited, in relation to the implementation of approved projects, is briefly addressed below:

- Once projects are given preliminary approval through the annual capital budgeting process, race clubs will be required to provide detailed design and costing information, and a project plan, prepared by a suitably qualified and experienced independent consultant. Queensland Racing Limited may, at its discretion, instigate an assessment of this documentation by its own consulting engineers. Any variation to the estimate used in applying for inclusion in the capital works program must be disclosed and explained. Variations of greater than 10% from the preliminary estimate are to be referred back to the Board of Queensland Racing Limited;
- Assuming the project cost following detailed design is contained within 10% of the preliminary estimate, and Queensland Racing Limited is satisfied with the standard of documentation provided, final approval will be given for the project to proceed (Chief Operations Manager or Finance Manager);
- After final approval has been given, race clubs will be instructed that they can establish formal contractual arrangements for the construction works, in accordance with the approved budget. In establishing these contracts the club must pay regard to the key purchasing principles contained within this policy. Following establishment of the works contracts, Queensland Racing Limited will make payment of a grant to the club, equivalent to the agreed industry contribution. This grant will represent payment for a taxable supply, and will have GST added; and
- Following completion of the project, the club will provide Queensland Racing Limited with a report, which addresses the outcomes of the project, including cost to budget, quality of product, and timeliness.

Consulting Services

Queensland Racing Limited uses consulting services in a number of aspects of its operations including legal, information technology, human resource management, financial management, business development, and marketing.

These consultancies vary from short-term "one-off" contracts, to longer-term arrangements, which may encompass a series of different activities (e.g. marketing and promotional work).

For short-term "one-off" contracts the following policy guidelines are to apply:

- The six key purchasing principles outlined above are to be applied at all times;
- For contracts under \$10,000 in value, preferred supplier arrangements* can be used. That is, where a purchasing officer is satisfied that a consultant that has provided a high quality service in the past, has the necessary expertise to undertake the work, and is available in an appropriate timeframe, that

consultant can be appointed without a formal competitive process being undertaken. If such a person is not available, three quotes from prospective consultants should be obtained and evaluated;

(* Please note that where preferred supplier arrangements are referred to later in this document for other categories of purchasing, similar procedures to those above will apply)

- For contracts between \$10,000 and \$100,000, tenders should be called from at least three “preferred” contractors. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles. The evaluation of the proposals should be undertaken by two accountable officers, and be approved by a delegated officer (Chief Operations Manager or Finance Manager);
- For contracts over \$100,000, which previously required an open tender process will in future be subject to Board discretion as to the waiver of an open tender, including appropriate advertising of the consultancy. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers, and be approved by a delegated officer.

For longer-term consultancy arrangements (e.g. the ongoing purchase of external legal services that cannot be delivered in-house), which may involve the use of a preferred supplier or suppliers for a range of individual tasks over an extended period of time, the following guidelines are to be followed:

- The purchasing officer may select a consultant for a range of tasks from a panel of preferred suppliers for the type of work involved;
- Prior to such a selection, a competitive process, adhering to the six key purchasing principles of Queensland Racing Limited, to appoint the panel of preferred suppliers must have been undertaken, be appropriately documented, and be signed-off by a delegated officer;
- In selecting the preferred supplier from the panel, the purchasing officer must clearly document the reasons for the selection, and be accountable for that selection. The selection must be approved by a delegated officer; and
- Individual consultancy contracts over \$100,000 in value are not to be entered into under these preferred supplier arrangements. For such consultancies, which previously required an open tender process will in future be subject to Board discretion as to the waiver of an open tender, as described above, must be followed.

Sponsorship Contracts

Queensland Racing Limited may enter into sponsorship contracts of a cash and exchange-of-goods and/or services (“contra”) nature.

In establishing these contracts, officers must adhere to Queensland Racing Limited’s key purchasing principles, particularly those of “accountability of outcomes”, and “compliance with all taxation requirements”. With these principles in mind, a Sponsorship Agreement pro-forma (refer to Appendix A) is to be prepared for all sponsorship arrangements, regardless of whether they involve a cash payment, or are solely contra in nature.

The sponsorship agreement is to clearly specify the goods and/or services that are to be delivered by both Queensland Racing Limited and the sponsor, and identify the value of these supplies so that GST obligations, including Tax Invoicing, can be satisfied.

All sponsorship agreements are to be authorised by an officer of Queensland Racing Limited with appropriate delegation, and a copy is to be provided to the Finance Section so that Tax Invoices can be prepared, and GST liabilities and credits accounted for.

Information Technology

The acquisition of information technology hardware and software represents a substantial investment of capital by Queensland Racing Limited each year.

Given the advancing nature of IT and the need to upgrade hardware and systems applications on an ongoing basis, it is the policy of Queensland Racing Limited to acquire such items through leasing arrangements. In this regard the following is to apply:

- A tender process, through a preferred supplier arrangement, is to be undertaken for the establishment of a medium to long-term lease contract for the supply of computer equipment, and other general office equipment where appropriate;
- This contract is to be reviewed on an annual basis to ensure the key principles of “value for money” and “quality of service and support” are being satisfied;
- Where a requirement to add items to the schedule covered by the lease has been identified, the purchasing officer must ensure the purchasing principles are adhered to. For items under \$10,000, preferred supplier arrangements can be used. For items \$10,000 or over, three quotes must be obtained. Appropriate documentation to support the purchasing decisions must be maintained at all times; and

The IT Section is also required to develop and maintain an *IT asset replacement strategy*, incorporating a list of all hardware and software under lease (or purchased), and information on the condition and expected useful life of individual items.

Other Capital Expenditure

Motor Vehicles

Queensland Racing Limited maintains a fleet of vehicles provided for both work and private use. These vehicles are to be leased through Q-Fleet or SG Fleet appropriate lease provider under the following arrangements:

- the leasing of a new vehicle must be approved by the Chief Operations Manager or Finance Manager; and
- The type and model of the vehicle, and any optional extras, must be commensurate with the status and nature of the role performed by the officer for which the car is being acquired, and be in accordance with the entitlements the officer has under his/her contract of employment;
- All vehicles are to be replaced after two years, or having travelled 40,000 kms, whichever comes first, unless the Chief Operations Manager or Finance Manager agrees to an extension of the leasing term.

On disposal of company-owned vehicles, three trade-in quotes must be obtained, where possible, with the highest trade-in valuation the key consideration in selecting the successful dealer. Queensland Racing Limited staff may be given the option to purchase the vehicle that is being traded, at no less than \$1 more than the best trade-in valuation. The Chief Operations Manager or the Finance Manager will determine the successful staff bidder in the event of two or more staff bidding for the same vehicle being traded.

Other capital purchases

All other capital purchases (e.g. office machines) made by Queensland Racing Limited are to adhere to the following guidelines:

- The six key purchasing principles outlines above are to be applied at all times;
- For items under \$10,000 in value, preferred supplier arrangements can be used;
- For capital items between \$10,000 and \$100,000, quotes should be called from at least three “preferred” suppliers. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles;
- For capital items over \$100,000, which previously required an open tender process will in future be subject to Board discretion as to the waiver of an open tender. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers; and

- For all capital purchases of \$10,000 or more, a lease versus buy analysis is to be undertaken.

Day to day Purchasing of Services and Supplies.

Policy in relation to the day to day purchasing of services and supplies is as follows:

- For items supplied on a continuous basis (e.g. stationery, consumables, printing) preferred supplier arrangements may be used. Purchasing officers must ensure that the key purchasing principles are adhered to, especially “value for money” and “quality of service”;
- In this regard, officers are required to conduct a competitive process for the selection of a panel of preferred suppliers, for continuous supplies, on an annual basis. Documentation must be prepared and maintained in respect of preferred supplier selection, and the subsequent selection of a supplier from the panel for particular purchases;
- However, for any individual supply or service, which would normally form part of a continuous supply by an individual, that is to cost the organisation \$100,000 or more, an open competitive process must be undertaken. That is, any individual supply which is to cost \$100,000 or more, cannot form part of a continuous purchasing contract made under preferred supplier arrangements;
- For non-continuous supplies and services (e.g. “one-off” printing jobs) preferred supplier arrangements can be used for purchases under \$10,000, on the basis that Queensland Racing Limited’s key principles are satisfied. At least three competitive quotes must be obtained for any purchase of \$10,000 or more.

Preferred Suppliers

As much as possible, Queensland Racing should consolidate its suppliers and utilise preferred suppliers for either off-the-shelf goods/services where there are several sources of supply and the purchase is low risk or where there is an established relationship with a proven record of success. The advantages of using preferred suppliers are that it streamlines and simplifies purchasing, reduces administrative costs and promotes cost savings through volume discounts and exclusivity arrangements. Other benefits are that it minimises costs and risk for suppliers through not being required to regularly prepare and submit quotations.

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1.2. Selection of Preferred Suppliers

The selection of preferred suppliers should be based on selection criteria that could include:

- Technical capability and experience
- Financial capacity and viability
- System and management responsibility incorporating product and service compliance with agreed industry standards
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- Business/organisation factors
- Favourable referee reports (a successful track record to deliver)
- Queensland Racing's 6 key principles:
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Preferred Suppliers Listing.

G:\Finance\Agreements\Preferred Suppliers Listing.xls

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Emergency Purchase Orders	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS
Requisition - Miscellaneous Purchases (Credit Cards) (<i>Refer to Expense reimbursement policy for conditions</i>)	x	x	<\$10,000	To Budget	To Budget	Same as above
Petty Cash	<\$100	<\$100	<\$100	<\$300	<\$300	<\$300
Capital Expenditure Purchase Orders and Request Forms	x	x	x	Forecast projects if <\$10,000 or if satisfied COM has previously approved the project	Any single project <\$100,000 where included in approved annual budget	Any single project above \$100,000
Domestic (Interstate) travel	x	x	To budget and advise COM	To budget and advise COM	To budget	If outside of aggregate annual budget
International Travel	x	x	x	x	To Budget	If outside of aggregate annual budget
Official Hospitality	<\$100	<\$100 <\$300 Senior Management Team	<\$300	<\$300 or other functions as approved by COM	To Budget	Yes
Employment of new staff	x	x	Negotiation only if resignation and within same salary range and approval from COM	Employment letters and contracts assuming COM approval	Yes	Yes
Contractual Agreements (All contracts to be reviewed by Legal Compliance Officer/Company Secretary for updating of Contracts register and asses if any legal advice required)	x	x	<\$10,000 total value (not lease or licence) assuming that authorised to sign in ordinary operations	Yes with COM assuming COM previously approved and legally authorised to sign where <\$100,000	Yes where value <\$100,000	Yes – subject to Board Agreement

<p>Execution of Contractual Agreements (All contracts to be reviewed by Legal Compliance Counsel/Company Secretary for updating of Contracts register and asses if any legal advice required)</p>	<p>To be executed by 2 Directors of the Company or a Director and a Company Secretary of the Company (S127 (1) – Corporations Act 2001).</p>
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The same delegations above apply to the payment of invoices with one exception:

- An invoice can be approved by a person with a lesser delegation provided the original purchase order was approved appropriately and the invoice does not exceed an amount that exceeds 10% of the original purchase order.

It should be noted that as a business rule, staff are not allowed to circumvent their delegation by raising multiple orders to purchase a good or service for an amount that exceeds their delegation limit.

Delegations

All expenditures for goods and services are to be authorised by a duly delegated officer. These delegations are as follows:

Over \$100,000

- Board of Directors

Up to \$100,000

- Chief Operations Manager

Up to \$10,000

- Director - Integrity Operations
- Finance Manager
- Racing Services Manager
- Chief Steward
- Accountant

Up to \$2,000

- Business Analyst
- Board Secretary
- IT and Communication Manager
- Training and Licensing Manager
- Deputy Chief Steward - Queensland
- Corporate Counsel/Company Secretary
- Executive Assistant
- Production Camera Operator/Editor

Up to \$500

- Regional Senior Stewards (Northern Region – Townsville, Senior Steward Capricornia Rockhampton and Steward in Charge Downs - Toowoomba)

Capitalisation of expenditure

Expenditure on discreetly identifiable plant and equipment items of **\$2,000** and above will be capitalised where the future benefit of that expenditure exceeds one year at the time of purchase. All land purchases must be capitalised.

The Chief Operations Manager or Finance Manager may approve the capitalisation of services expenditures of \$2,000 and above where those services have a future benefit exceeding one year. All assets which are <\$2,000 must be expensed in the year of purchase and recorded in the portable and attractive items register. All other service expenditures shall be written off in the financial year the expenditure was incurred.

Compliance with Commonwealth Government GST & Australian Business Number legislation

The Commonwealth Government implementation of GST and Australian Business Number legislation, has given rise to some additional obligations in respect of purchasing. These are as follows:

- Organisations are required to withhold 48.5% of any payment to a supplier of goods or services that does not provide an ABN. In response to this, it is the policy of Queensland Racing Limited that no supplies be purchased from entities that are unable to quote an ABN;
- All suppliers to Queensland Racing Limited are to be advised that they must be able to provide a "Tax Invoice" in the form specified by the GST legislation, to enable Queensland Racing Limited to claim input credits. Under law, the supplier must supply Queensland Racing Limited with a Tax Invoice within 28 days of request. Queensland Racing staff should not enter into contractual arrangements with suppliers unless satisfied that the supplier will be able to provide a suitable Tax Invoice; and
- When obtaining quotes or prices from potential suppliers, purchasing officers must satisfy themselves that the prices quoted are GST inclusive.

Documentation and the Role of the Finance Department

The Finance Department plays the lead role in ensuring Queensland Racing Limited meets its obligations under the Corporations Act 2001, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC through the development and implementation of appropriate accounting policies and controls.

While the Department will work to ensure operational areas within the organisation are meeting their obligations under the purchasing guidelines, senior managers also have a role to play in monitoring the purchasing activities of their staff.

With regard to documentation, all acquisitions need to be supported by evidence that appropriate purchasing principles and guidelines have been followed. In this regard:

- All purchases for non-continuous supplies that are not completed through petty cash or credit cards must be completed in IPOS. Additionally, copies of sponsorship agreement pro-formas must be provided to the Finance Manager on a timely basis; and
- The delegated officer must be satisfied that Queensland Racing Limited's purchasing policy has been adhered to, and that appropriate documentation that supports the six key principles (value for money, open and fair competition etc) has been gathered, and is available for audit scrutiny if required. The managers of organisational areas have responsibility for ensuring supporting documentation is maintained and is accessible.

Enquiries regarding these purchasing principles should be directed to the Chief Operations Manager or Finance Manager.

IPOS

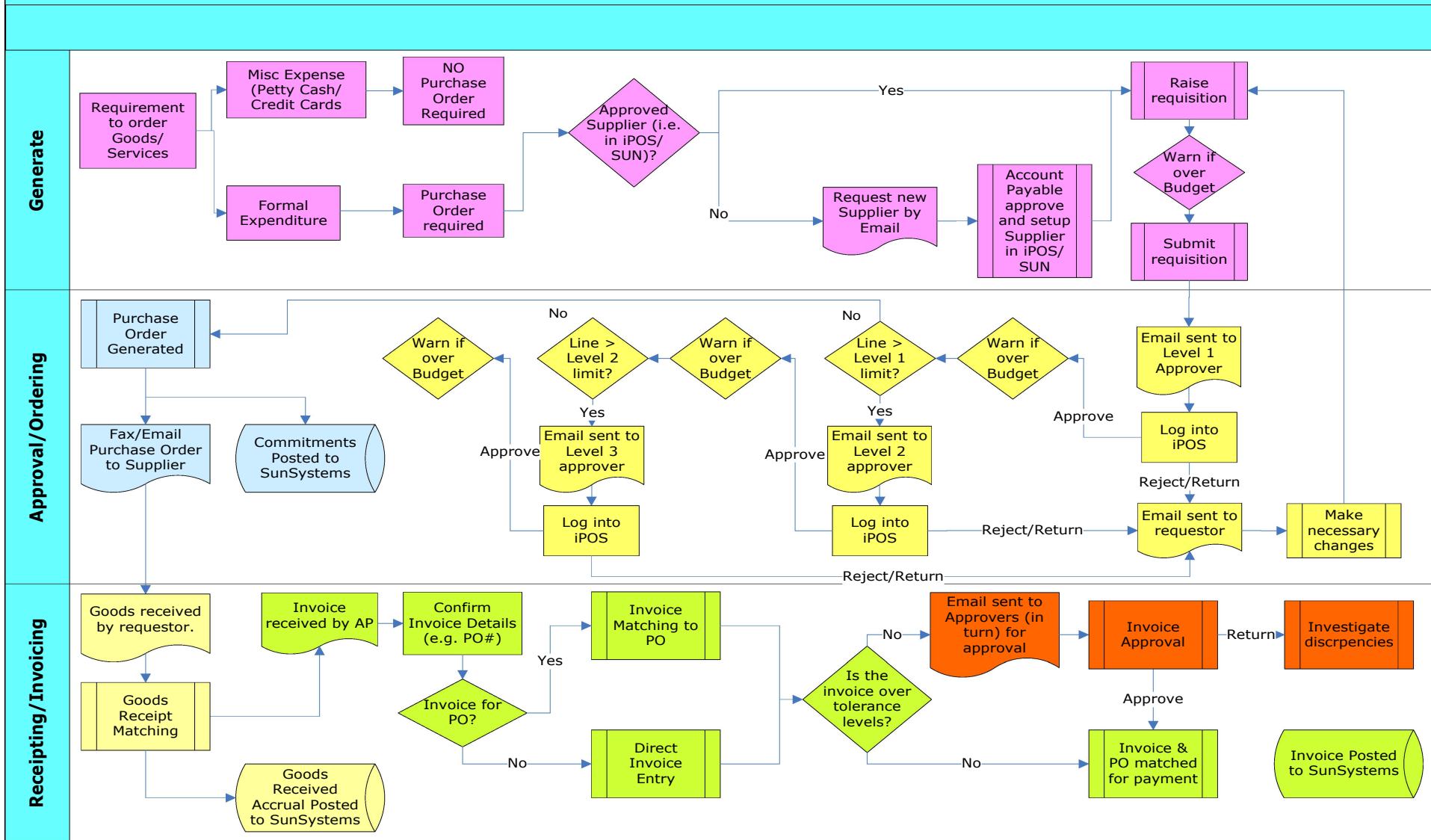
IPOS is an online web enable electronic procurement system. It has been custom built to meet QRL and industry needs and greatly enhances QRL's ability to operate in today's modern information driven environment.

The main objectives of IPOS are:

- To provide the underlying systems to enable the business to obtain tighter budgetary controls, including the recording of committed expenditure,
- To provide managers with the appropriate tools to focus on their individual budgets,
- Implementation of systemic controls over the procure to pay process,
- Improved reporting to the whole business,
- To bring QRL in line with best practice procurement through taking advantage of e-commerce, electronic purchase ordering and scanning.
- Provide more real time reporting with less reliance on accounts payable,
- Introduction of process efficiencies for accounts payable, removing the many manual processes currently in use, such as manual purchase order generation and invoice approvals.
- Ability to interface with supplier ordering systems resulting in less manual entry.

The process map for QRL's procurement process is featured below.

Queensland Racing Limited Purchasing Procedure



The major advantage of IPOS is that it enforces QRL's purchasing policy in an electronic procurement system. All management delegations are enforced at requisition and invoice stage. Separation of duties ensures that only requisitioners can create purchase orders and only management can authorise. From 1 July 2009 where applicable all invoices will only be paid if an IPOS purchase order number is quoted on the invoice. Instances where invoices do not require IPOS purchase orders are Energy, phones, rates and other standard monthly charges.

IPOS Procedures are linked below:

<http://starcraft:8080/finance/Shared%20Documents/Forms/AllItems.aspx>

Payment Methods

Direct Debit

1.3. Business Condition

Purchases that occur at set times throughout the year for set dollar amounts.

1.4. Business Rule

Invoices for goods or services that fall under this category include:

1. Rentals
2. Leases
3. Superannuation

Payments will be made via direct debit at the time dictated by the invoice.

1.5. Dependencies

Payments must be fixed frequency and price.

Cheque

1.6. Business Condition

One-off purchases that can not be paid through any other alternative option.

1.7. Electronic Funds Transfer (EFT)

All other purchases will be paid by Electronic Funds Transfer (EFT) unless previously authorised by Finance Manager

Payment Summary

A summary of the different methods for paying invoices is provided below:

Payment Types	Business Condition
EFT	Used for standard purchasing from preferred suppliers Used for emergency purchases from preferred supplier in response to an emergency situation
Direct Debit	Used for purchases that occur at set times throughout the year for set dollar amounts
Cheque	Used for miscellaneous purchases on a "case-by-case" basis only. To be used only in exceptional circumstances.
Credit Cards	Used for purchases made with non-preferred suppliers for dollar amounts up to delegated authority.
Petty Cash	Used for miscellaneous purchasing of items with a value of less than \$100 unless authorised by Finance Manager

Summary of Key Controls

As a high level summary, the key controls associated with the procurement system are:

- Only deal with suppliers who have a valid ABN
- Three quotes required for amounts >\$10,000 where a preferred supplier is not used
- Tax invoices to be obtained at all times
- Required signatures for goods received
- Vendor creation, deletion or addition must be performed by the Accounts Payable Officer and the bank account details are required in accordance to the Sun Security matrix to be entered by an accounts receivable officer who does not have the ability to raise purchase orders or make payments in SUN. The change of details form is located G:\Finance\FORMS\Accounts Payable\Change of Details form.xls
- Invoices are only paid after the prior approval of a purchase order (excluding credit card statement payments and direct debits) and after goods have been received
- Established delegation limits with a 10% tolerance level up to a limit of \$100
- Credit card holders can make transactions greater than their delegation limit provided a purchase requisition with appropriate approval has been obtained first.

In addition to the above, Queensland Racing should perform an annual supplier analysis to review expenditure to determine that value for money is being achieved.

SPONSORSHIP AGREEMENT

BETWEEN:

(The Sponsor)

AND QUEENSLAND RACING LIMITED, a control body established under the Racing Act 2002 and Corporations Act 2001

(The Sponsored)

WHEREAS The Sponsor has agreed to provide sponsorship in accordance with this agreement.

AND The Sponsored has agreed to provide services in return for the sponsorship.

This Agreement provides:

1. The Sponsor will provide the following sponsorship to the Sponsored:
Details of Sponsorship [If insufficient space annex details]
 - Money (here detail the sum of any monies to be paid to the Sponsored)
 - Support (here detail all support services including the value thereof to be supplied to the Sponsored)
2. The Sponsored will provide the following services to the Sponsor: [If insufficient space annex details]
 - Services (here detail all services including their value to be supplied by the Sponsored in return for the sponsorship)
3. It is hereby acknowledged that:
 - (a) The Sponsored will issue a recipient created tax invoice to the Sponsor to meet Goods and Services Tax obligations in relation to the supply of money and for support;
 - (b) The Sponsor will issue a recipient created tax invoice to the Sponsored to meet Good and Services Tax obligations in relation to the supply of services.

DATED this _____ day of _____ 20__

SIGNED AS AN AGREEMENT

SPONSOR

Full name of authorised officer

Signature of authorised officer

Signed in the presence of



SPONSORED

QUEENSLAND RACING LIMITED

Full name of authorised officer

Signature of authorised officer

Signed in the presence of



EXPENSE REIMBURSEMENT POLICY

Owner

Finance Department

Stakeholders

Corporate Wide

Revision History

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	January 2003	First draft
1.02	April 2006	To QR Board
1.03	April 2006	Changes as per Board Approval <ul style="list-style-type: none"> • 2.3 - Segregation of Duties • 2.10 - Credit Cards • 2.11 Gifts - Defined Values • Travel Expenses - Set limit at \$1,000 • 4.3 Defined External Parties - same as QR employees
1.04	Aug 06	Kilometre rate 63c to 66c - HRRC Approval 3 Aug 06 Authorisation Approval
1.05	13 April 2007	Kilometre rate 66c to 69c - Board Approval 13 April 07 Authorisation Approval effective 16 April 2007

EXPENSE REIMBURSEMENT POLICY & PROCEDURES

Purpose

This policy sets out the guidelines and requirements relating to the reimbursement of expenses incurred by Board members and officers of Queensland Racing Limited in performing their role on behalf of the organisation.

Policy

1. Introduction

The Chief Executive Officer or equivalent accountable officer is responsible under the financial administration and audit act for the control of and accounting for Queensland Racing Limited's approved expenditure budget.

To fulfil this responsibility, systems and internal controls shall be established and maintained within Queensland Racing Limited to monitor and ensure:

- payments of expenditure reimbursement are made in accordance with the procedures contained in the Financial Management Practice Manual;
- payments of expenditure reimbursement are supported by adequate documentation and appropriate delegated approval has been granted;
- prompt identification, computation and recording of expenditure incurred; and
- efficiency, effectiveness, economy and avoidance of waste and extravagance.

Adequate internal controls will be relied upon to monitor procedures associated with these systems.

2. Accounting Control

2.1 Scope

This Policy Statement sets out the guidelines which must be followed by Queensland Racing Limited Board members and officers in the control of, accounting for and reporting of reimbursement of expenditure incurred.

This policy includes the following key elements:

- Identification and control of expenditure;
- Segregation of duties;

- Expenditure commitments and authorisation;
- Invoice claims/processing;
- Preparation for payment;
- Payment certification;
- Payment processing;
- Cash advances;
- Petty cash;
- Corporate credit cards;
- Gifts and
- Expense reimbursement form

2.2 Identification and Control of Reimbursement of Expenditure

The necessary procedures associated with identification and control of reimbursement of expenditure are established and specified in this policy document with the objective of ensuring:

- prompt recognition and recording of reimbursement of expenditure in a manner that allows reporting objectives and accountability requirements to be satisfied;
- systems of approval and internal control are in place and are adequate to ensure reimbursement of expenditure is only made for an authorised (official) purpose which shall be recorded and kept; and
- that the accounting policies to be applied in the recognition of reimbursement of expenditure in the accounts are defined and consistently applied.

2.3 Segregation of Duties

Where possible accounting duties are to be segregated so that the following functions are performed by different officers:

- authorisation to incur expenditure;
- preparation for payment;
- payment certification;
- signing cheques; and
- dispatching cheques.

Where staffing does not allow full segregation of duties compensating controls must be in place.

2.4 Expenditure Commitments and Authorisation

Specific processes and procedures include:

- Approval to reimburse expenditure is to be made in accordance with this policy.
- Reimbursement must only be initiated when the expenditure is properly authorised by an officer with the appropriate financial delegation.

- Reimbursements must be accurately recorded in the financial system in a prompt manner.

2.5 Claims Processing

Specific processes and procedures for the processing of reimbursements of expenditure include:

- Claims via an expense reimbursement form are to be forwarded to finance (accounts payable) and promptly and properly recorded into the accounting system.
- Claims must be matched to relevant documentation for price, quantity and other details such as GST.
- A supporting Invoice Authorisation Form must be completed by the finance officer for payment processing, excluding petty cash reimbursement or payment through payroll.
- Claims which lack supporting documentation for payment must be investigated and followed up.
- Under no circumstances must incomplete claims be processed. Such claims must be followed up with the officer concerned and documentation obtained where appropriate.
- Price variations between the claims and supporting documentation must be brought to the attention of the approving officer. Where such variation takes the total cost over that officer's delegation limit, the variation must be approved by an officer with appropriate delegation. Reasons for variations must be sought from the claimant.

2.6 Payment Certification

- All prepared invoice authorisation forms and accompanying expense reimbursement forms must be examined by an independent accounting officer to ensure the forms are in order prior to input to the financial system.
- Following data entry to the financial system an independent accounting officer must review system data entry validation reports and payment documentation prior to payment release.

2.7 Payment Processing

Specific processes and procedures include:

- Expense reimbursements are to be paid by Electric Funds Transfer (EFT) through the accounts payable system. Staff allowances are to be paid through the Payroll System.

2.8 Cash Advances

Cash advances must be approved by an authorised officer.

Specific processes and procedures include:

- A record of a cash advance must be kept and reporting arrangements will be established for reconciliation purposes.
- Payments from an advance must be properly authorised and supported.
- Where all or part of any advance is determined to be no longer required for the purpose advanced, it must be repaid within seven days.
- Temporary cash advances, including anticipated travelling expenses, must only be made for specific purposes and for specific periods. The recipient of the advance must be advised of the obligation to either account for use of the advance or arrange for repayment within seven days of the end of such period.

2.9 Petty Cash

The Finance Officer shall keep the petty cash imprest account to a value as determined from time to time and may:

- pay from that account claims for reimbursement for the supply of goods or rendering of services of a petty cash nature up to but not exceeding \$100.00;
- may advance to an officer, duly authorised, such sums as are required for official use of Queensland Racing Limited up to, but not exceeding, \$100.00;
- where claims or advances exceeding \$100.00 are required, the Finance Manager or the Accountant may, where considered appropriate, authorise such claims or advances up to, but not exceeding, \$300.00. Such claims or advances must only be authorised in emergent situations where the satisfaction of such claim or advance by other means would be administratively inefficient; and
- claims or advances in excess of \$300.00 must not be handled through the petty cash imprest account.

The petty cash imprest account must be recouped regularly to ensure sufficient funds are available to satisfy claims and advances.

The Accountant must check the account balance on an ad hoc basis as a control over the advance held by the Finance Officer.

2.10 Corporate Credit Cards

Queensland Racing Limited uses the following credit card facilities:

Type of Card	Cardholder
Corporate Credit Card	Restricted to the Chairman, Deputy Chairman, Executive Officers and authorised staff for expenditure incurred for business operations, entertainment and travel
Fuel Card	Staff driving official vehicles as per the terms of their contract of employment.

The following conditions governing the use of credit cards prevail:

A register of cards must be established and maintained to exercise control over the issue and use of cards.

- Only authorised charges may be made against the credit organisation;
- Cards must be secured at all times against unauthorised use;
- Internal control measures must be sufficient to ensure cards are used for official purposes only and that any misuse is detected promptly and reported to the Finance Manager.
- Officers using a credit card must obtain particulars of transactions including supporting invoices and dockets duly signed. A Credit Card Usage Form must be completed with the invoices attached. The documentation must be forwarded promptly to an accounting officer for attachment to the credit card transaction record for the purposes of sustaining the official use of the card and settlement of the amount within the required period;
- An accounting officer must match the dockets to the statements received from the credit card organisation;
- The dockets and the summary of these dockets showing the charges incurred by the use of credit cards must be properly authorised by a duly authorised officer; and
- The use of credit cards for the purchase of goods and services must be in strict accordance with the purchasing policy of Queensland Racing Limited.

2.11 Gifts

Specific guidelines include:

- Reportable gifts as defined by the Gifts and Benefits Policy must not be made or received without the prior approval of the Chief Operations Manager (COM) or Director Integrity Operations (DIO) or the Board Chairman in the case of Board members.
- An "Intangible Gift or Benefit" is one with no lasting value.
- A "Nominal Gift or Benefit" is one with a fair value of less than \$50
- A "Significant Gift or Benefit" is one with a fair value between \$50 and \$250.

- A "Reportable Gift or Benefit" is a single gift or benefit with a fair value in excess of \$250 or each significant gift given to or received from the same donor in the course of a financial year where the aggregate value of those gifts is in excess of \$250. Any gift of property, travel, entertainment, hospitality or any other benefit that is not part of your official remuneration. This includes valuable items whether of a personal nature or otherwise.
- Gifts can only be made or received in the conduct of official Queensland Racing Limited business.
- A record of reportable gifts made or received must be maintained , indicating:
 - date of the reportable gift;
 - the parties involved;
 - particulars of the reportable gift; and
 - the approval given in accordance with the Gifts and Benefits Policy.

2.12 Expenditure Reimbursement Form

All claims for reimbursement of expenditure must be submitted on an official expense reimbursement form (attached to this policy).

3. Expenditure Reimbursement Items

3.1 Scope

This Policy Statement sets out the guidelines which must be followed by Queensland Racing Limited Board members and officers in claiming reimbursement of expenditure. It clarifies the types of expenditure that an officer can reasonably incur in undertaking business on behalf of Queensland Racing Limited:

This policy includes the following key elements:

- Board Expenses
- Executive Staff & Management
- Use of Contra

3.2 Board Expenses

3.2.1 Travel Expenses

All Board members will travel at economy rates unless seats are not available at which time they may upgrade to business class in special circumstances or unless otherwise approved by the Board Chairman. In circumstances where there is overseas travel (excluding New Zealand), Board members may use business class. All reservations must be made through the authorised travel coordinator at the most competitive price.

3.2.2 Accommodation

Board members are entitled to a quality standard of accommodation when travelling. All reservations must be made through the authorised travel coordinator at the most competitive price.

All other reasonable business related expenses which are incurred while travelling on official Queensland Racing Limited business as determined by the Board Chairman may be submitted for reimbursement.

Allowable expenses would include:

- Meals and accompanying beverages, at a reasonable limit.
- Laundry and Dry Cleaning costs where the period of travel is more than two days.
- Car Parking
- Telephone expenses in the conduct of official Queensland Racing Limited business.
- Entertainment of persons, at a reasonable limit, in the conduct of official Queensland Racing Limited business.
- Incidental expenses, at a reasonable limit.

The use of accommodation provided through sponsorship agreements should be approved by the Chairman, or in the case of the Chairman the Chief Operations Manager, prior to travel and recorded in the official Queensland Racing Limited sponsorship database as being utilised by the Board member concerned.

3.2.3 Motor Vehicles

A motor vehicle allowance of **69** cents per kilometre is payable to Board members whose place of residence and/or occupation is outside the city or town where the meeting is being held and require their private vehicle to attend official Queensland Racing Limited meetings.

3.2.4 Communication Expenses

- Communication expenses for Board members will be allowable as agreed by the Board Chairman. In the case of the Chairman, by the Chief Operations Manager. Payment of telephone expenses from a private telephone will be reimbursed on the production of telephone accounts highlighting Queensland Racing Limited business related calls or as otherwise predetermined by Board Chairman.

3.2.5 Board Entertainment Expenses

Entertainment expenses are covered in Section 4 of this policy.

3.2.6 Accompanying Spouses

Accompanying spouses may attend official engagements at the expense of Queensland Racing Limited, where it is considered appropriate for the performance of official duties and adequate representation of Queensland Racing Limited. Approval must be obtained from the Board Chairman and in the case of the Chairman, from the Chief Operations Manager.

3.2.7 Use of Contra

The use of air travel, accommodation and entertainment that has been provided by sponsors as part of contra sponsorship agreements has been addressed above. The use of Contra is to be approved by the Chairman, or in the case of the Chairman, the Chief Operations Manager. All contra must be properly accounted for through the official database that has been established to record the provision and use of goods and services flowing from contra sponsorship agreements.

3.3 Employees

3.3.1 Travel Expenses

All staff will travel at economy rates both for local and overseas travel unless seats are not available at which time they may upgrade to business class in special circumstances or unless otherwise approved by the COM or DIO. All reservations must be made through the authorised travel coordinator at the most competitive price.

Other than for travel to/from official Queensland Racing Limited business meetings/conferences, proposed trips involving air travel should be approved in advance by the COM or DIO.

The use of air travel provided through sponsorship agreements should be approved by the COM or DIO prior to travel and recorded in the official Queensland Racing Limited sponsorship database as being utilised by the staff member/s concerned.

3.3.2 Accommodation

Executive staff are entitled to a quality standard of accommodation when travelling. All reservations must be made through the authorised travel coordinator at the most competitive price.

All other reasonable business related expenses which are incurred while travelling on official Queensland Racing Limited business may be submitted for reimbursement.

Allowable expenses would include:

- Meals and accompanying beverages, at a reasonable limit.

- Laundry and Dry Cleaning costs where the period of travel is more than two days.
- Car Parking
- Telephone expenses in the conduct of official Queensland Racing Limited business.
- Entertainment of persons, at a reasonable limit, in the conduct of official Queensland Racing Limited business.

The use of accommodation provided through sponsorship agreements should be approved by the COM or DIO prior to travel and recorded in the official Queensland Racing Limited sponsorship database as being utilised by the staff member/s concerned.

3.3.3 Motor Vehicles

A motor vehicle allowance of **69** cents per kilometre is payable to staff whose place of residence and/or occupation is outside the city or town where the business meeting/conference is being held and require their private vehicle to attend official business.

Other than for travel to/from official business meetings/conferences, proposed trips involving reimburseable motor vehicle travel should be approved in advance by either the COM and DIO.

3.3.4 Communication Expenses

Communication expenses for staff will be allowable in accordance with the terms and conditions outlined in their employment contract or as determined by the COM or DIO. **Payment of telephone expenses from a private telephone will be reimbursed on the production of telephone accounts highlighting Queensland Racing Limited's business related calls or as otherwise predetermined by the COM or DIO.**

3.3.5 Executive/Staff Entertainment Expenses

Entertainment expenses are covered in Section 4 of this policy.

3.3.6 Accompanying Spouses

Accompanying spouses may attend official engagements at the expense of Queensland Racing Limited where it is considered appropriate for the performance of official duties. Approval must be obtained from the COM or the DIO.

3.3.7 Use of Contra

The use of air travel, accommodation and entertainment that has been provided by sponsors as part of contra sponsorship agreements has been addressed above. Contra must not be accessed by any staff member unless approved by either COM or DIO. All contra must be properly accounted for through the official database that has been established to record the

provision and use of goods and services flowing from contra sponsorship agreements.

4. Specific Entertainment Guidelines

4.1 Scope

This Policy Statement sets out the guidelines which must be followed by Queensland Racing Limited Board members and Executive Officers in claiming expenditure for entertainment. It clarifies the types of expenditure that an officer can reasonably incur in undertaking business on behalf of Queensland Racing Limited:

4.2 Entertainment Guidelines

Expenses will be paid/reimbursed to Board Members and Queensland Racing Limited officers relating to the entertainment of persons under the following circumstances:

- the entertainment is considered essential to facilitate Queensland Racing Limited business with an identified purpose/benefit. Such hospitality should not be a substitute for business meetings which would ordinarily be conducted in the office. The use of in-house catering is encouraged with a view to substantial cost savings.
- the entertainment itself is of a reasonable standard. ***Reasonable standard is defined as a standard that is publicly defensible and meets the purpose and nature of the client or business partner meeting.***
- the amount spent on entertainment above \$1,000 should be approved in advance by the Board Chairman for Board Members and in the case of the Chairman by the Chief Operations Manager, and by the COM or DIO for all staff.
- as a general rule, the value of beverages should not exceed the value of meals;
- the persons being entertained are current or future official clients or stakeholders or business associates of Queensland Racing Limited.
- an appropriate reason must be provided by the delegated officer for the attendance of other Queensland Racing Limited Staff.
- accompanying spouses/partners must be pre - approved by the Board Chairman for Board members, and in the case of the Chairman by the Chief Operations Manager, and the COM and DIO for staff.
- all entertainment expenditure is to be supported by approved claim forms which are readily available from the Finance Department. Please note that a tax invoice must be provided with all entertainment expense claims.

- participation in entertainment provided through sponsorship agreements (including corporate marquees and associated functions) should be approved by the department manager prior to the event for staff members. The department manager has the responsibility of advising the COM or DIO of Queensland Racing Limited employees attending the event. All entertainment provided through sponsorship agreements is to be recorded in the official Queensland Racing Limited sponsorship database as being utilised by the staff member/s concerned.

4.3 Travel provided to external parties

Approval for external parties to travel at the expense of Queensland Racing Limited must be obtained from the Board Chairman or COM prior to the travel occurring.

External parties will travel at economy rates unless an application is made and approved by the COM or DIO. All reservations must be made through the authorised travel coordinator at the most competitive price.

External parties are entitled to a reasonable standard of accommodation when travelling at the expense of Queensland Racing Limited. ***Reasonable standard is defined as a standard which is no higher than the standard offered to Queensland Racing Limited Staff.*** All reservations must be made through the authorised travel coordinator at the most competitive price.

All other reasonable business related expenses which are incurred while travelling on official Queensland Racing Limited business may be submitted for reimbursement.

Definition - External Parties are consultants, contractors, sub committee members and members of official delegations or the companies clients such as owners, trainers or jockeys.



General Expense Claim Form

Employee: _____ **Department:** _____

Association: _____ **Date:** _____

(Please attach all invoices)

Expense Item	Value	GST	Total
Travel ____ Km @ \$ ____ per km From ____ To ____ ____ Km @ \$ ____ per km From ____ To ____ ____ Km @ \$ ____ per km From ____ To ____			
Overnight Allowance			
Accommodation			
Meals			
Telephone and Postage			
Taxi			
Other			
Total			
Less cash Advanced (if any)			
Grand Total			

Employee Signature: _____ Date: ____/____/____

Approved by: _____ Date: ____/____/____



Corporate Card Usage

Employee: _____ Department: _____

Date of Usage _____ / _____ / _____

Nature of Expense _____

Other Details _____

Amount \$ _____

All Receipts Attached (Tax invoice required)

Please Note: It is the responsibility of the Approving Staff member to ensure that **ALL** parts of this form are completed and completed correctly. All incomplete forms will be returned.

I declare that this expenditure has been incurred on behalf of Queensland Racing Limited and is related to business purposes.

Employee Signature: _____ Date: _____ / _____ / _____

Queensland Racing Limited

POLICY FOR QUEENSLAND RACING LIMITED'S COMMERCIAL DECISION-MAKING

COMMENCEMENT DATE

This policy comes into effect on 5 November 2004.

PURPOSE

The *Racing Act 2002* (the Act) authorises Queensland Racing Limited (Queensland Racing) to make policies for the sound management of the industry. Section 81(n) of the Act requires Queensland Racing to make a policy for the decisions its stewards may make in relation to the way in which races may be held and Queensland Racing Limited's decision-making in general.

This policy deals with Queensland Racing's commercial decision-making processes. A separate policy made under the same section of the Act deals with Queensland Racing decision-making on integrity-related matters, including stewarding, licensing and handicapping.

What is commercial decision-making?

In a commercial context, decision-making involves seeking to optimise the outcomes for the Queensland Racing industry and its stakeholders. The outcomes include financial return, employment, quality of product and program, quality of infrastructure and the regional viability of the industry. These outcomes are achieved by allocating resources to their best possible uses in order to achieve the commercial objectives of the industry.

Queensland Racing acts on behalf of the Queensland thoroughbred racing industry as the control body and as the party representing the industry in respect to the Product and Program Agreement with UNiTAB. The key financial resources that Queensland Racing allocates are the payments from the Product and Program Agreement that are linked to the level of wagering revenue derived by UNiTAB from Queensland and interstate racing. It is important to note that it is the overall quality of both the Queensland and National racing program which determines the level of revenue obtained under the agreement. Hence, it is important to not only improve the quality of Queensland Racing in both absolute and relative terms but also the National racing program.

Queensland Racing has three key commercial objectives:

- To develop an efficient and effective Queensland Racing industry both overall and for each of the major regions that is sustainable over the long term
- To produce the highest possible quality product and program both for Queensland Racing and nationally
- To optimise over time the level of financial return obtained for the industry and its key stakeholders.

Commercial decision-making involves ensuring that all commercial decisions are directed at furthering these commercial objectives. There can be trade offs that need to be taken into account in decision-making. There can be trade offs between the three objectives and between short-term and longer-term considerations. For example, there is the conflict between distributing all available revenue as prizemoney to maximum returns and incentives to improve the racing program now and the longer-term need to maintain and develop the key racing infrastructure.

It may be argued that there is another conflict, that between commercial and integrity functions. However, this is not the case as the commercial objectives are vitally dependent on achieving and maintaining the highest standards of integrity. Any compromise in this area has the potential to cause the most immediate and lasting damage to the commercial position of the industry. The truth of this is well illustrated by commercial organisations that have compromised on integrity, resulting in the complete destruction of the company.

Principles of good commercial decision-making

The following describes the principles of good commercial decision-making:

- A clear set of commercial objectives are articulated
- All available options are identified and evaluated against the commercial objectives
- Each option is assessed in terms of its impact on the Queensland Racing industry and its stakeholders
- The option is selected which achieves the maximum net benefit to the Queensland Racing industry and its stakeholders
- The decision is lawful and is not induced or affected by self interest or fraud
- The evidence and information on which the decision is based supports the decision
- The making of the decision is a proper exercise of the power conferred
- There is full documentation of the decision and the decision-making process.

Responsibilities of decision makers

The responsibilities of decision makers have been described¹ as follows:

- The decision maker understands her or his decision-making power
- The decision maker identifies the steps required in the decision-making process and ensures these have been undertaken
- The decision maker gathers information or evidence relevant to each substantive issue
- The decision maker makes findings of fact on the information or evidence, including ascertaining the status and quality of the information or evidence
- The decision maker gives weight to relevant evidence, considers the facts and disregards irrelevant or improper criteria or policies
- The decision maker considers and applies the merits on a case-by-case basis
- The decision maker exercises discretion to make a decision
- The decision maker records the decision
- The decision maker implements or advises of the decision, including reasons for the decision if required at the time the decision is made or in response to a request for reasons
- The decision maker provides information about review mechanisms.

Queensland Racing commercial decision-making

Queensland Racing makes important commercial decisions on things such as race day allocation, provision of funding, education and training, and negotiations with the other racing codes, UniTAB, Sky Channel and racing bodies interstate. These commercial decisions can have a dramatic effect on the industry's profitability.

Some of the decisions Queensland Racing makes are commercially sensitive. Some of Queensland Racing's commercial decision-making, especially the board's decision-making, is confidential and this confidentiality must be recognised and protected. It will not always be possible, appropriate or desirable for Queensland Racing's commercial decision-making to be open to public scrutiny. However, Queensland Racing's commercial decision-making will, at all times, comply with the principles of good decision-making.

The purpose of this policy is to help ensure Queensland Racing makes correct and preferable commercial decisions at all levels of the organisation. This is achieved by ensuring Queensland Racing's decision-making processes are open and transparent, decisions are made in accordance with the principles of good decision-making, decisions are documented and decision makers understand their role and responsibilities and are accountable for their decisions.

POLICY STATEMENT

¹ Better Decisions Project, Enhancing Administrative Decision Making, Discussion Paper Number 1 [Contemporary Influences in the Development of Administrative Decision Making Systems](#), Department of Tourism, Racing and Fair Trading, July 2003

Queensland Racing's commercial decisions

Queensland Racing will make commercial decisions in accordance with the principles of good decision-making.

Queensland Racing's commercial decisions will be lawful, not induced or affected by fraud, based on evidence and consistent with public administration standards and codes of conduct.

Queensland Racing will provide sufficient training to its decision makers to ensure they understand their roles and responsibilities and understand the provisions of the Rules of Racing, *Racing Act 2002* and other legislation relevant to their decisions.

Accountability

Queensland Racing's decision makers will be accountable for their decisions.

Administrative improvement

Queensland Racing will collect and analyse data relating to its commercial decisions to identify problems with its decision-making processes and improve the quality of its decisions.

APPLICATION

This policy applies to commercial decision makers in Queensland Racing generally. A separate policy applies to decision-making on integrity-related matters, such as stewarding, licensing and handicapping.

DEFINITIONS

Administrative decisions – decisions of an administrative character made, proposed to be made, or required to be made, under an enactment (whether or not in the exercise of a discretion).

Making a decision – includes:

- (a) making, suspending, revoking or refusing to make an order, award or determination or
- (b) giving, suspending, revoking or refusing to give a certificate, direction, approval, consent or permission or
- (c) issuing, suspending, revoking or refusing to issue a licence, authority or other instrument or
- (d) imposing a condition or restriction or
- (e) making a declaration, demand or requirement or
- (f) retaining, or refusing to deliver up, an article or

(g) doing or refusing to do anything else and a reference to a “failure to make a decision” is to be construed accordingly.

PROCEDURES

Roles and responsibilities

Queensland Racing’s board and officers must make commercial decisions in accordance with the principles of good decision-making and this policy.

Review

This policy was reviewed in November 2006.

Next review date will be November 2008.

Rules of Racing

Rules of Racing will not be made for this policy.

This policy was made by Queensland Racing Limited on 5 November 2004 under s.81(n) of the *Racing Act 2002*. For further information contact Malcolm Tuttle, Chief Operations Manager, by phoning (07) 3869 9730 or emailing mtuttle@queenslandracing.com.au.

Queensland Racing Limited

POLICY FOR QUEENSLAND RACING LIMITED'S COMMERCIAL DECISION-MAKING

COMMENCEMENT DATE

This policy comes into effect on 5 November 2004.

PURPOSE

The *Racing Act 2002* (the Act) authorises Queensland Racing Limited (Queensland Racing) to make policies for the sound management of the industry. Section 81(n) of the Act requires Queensland Racing to make a policy for the decisions its stewards may make in relation to the way in which races may be held and Queensland Racing Limited's decision-making in general.

This policy deals with Queensland Racing's commercial decision-making processes. A separate policy made under the same section of the Act deals with Queensland Racing decision-making on integrity-related matters, including stewarding, licensing and handicapping.

What is commercial decision-making?

In a commercial context, decision-making involves seeking to optimise the outcomes for the Queensland Racing industry and its stakeholders. The outcomes include financial return, employment, quality of product and program, quality of infrastructure and the regional viability of the industry. These outcomes are achieved by allocating resources to their best possible uses in order to achieve the commercial objectives of the industry.

Queensland Racing acts on behalf of the Queensland thoroughbred racing industry as the control body and as the party representing the industry in respect to the Product and Program Agreement with UNiTAB. The key financial resources that Queensland Racing allocates are the payments from the Product and Program Agreement that are linked to the level of wagering revenue derived by UNiTAB from Queensland and interstate racing. It is important to note that it is the overall quality of both the Queensland and National racing program which determines the level of revenue obtained under the agreement. Hence, it is important to not only improve the quality of Queensland Racing in both absolute and relative terms but also the National racing program.

Queensland Racing has three key commercial objectives:

- To develop an efficient and effective Queensland Racing industry that is sustainable over the long term
- To produce the highest possible quality product and program both for Queensland Racing and nationally
- To optimise over time the level of financial return obtained for the industry and its key stakeholders.

Commercial decision-making involves ensuring that all commercial decisions are directed at furthering these commercial objectives. There can be trade offs that need to be taken into account in decision-making. There can be trade offs between the three objectives and between short-term and longer-term considerations. For example, there is the conflict between distributing all available revenue as prizemoney to maximum returns and incentives to improve the racing program now and the longer-term need to maintain and develop the key racing infrastructure.

It may be argued that there is another conflict, that between commercial and integrity functions. However, this is not the case as the commercial objectives are vitally dependent on achieving and maintaining the highest standards of integrity. Any compromise in this area has the potential to cause the most immediate and lasting damage to the commercial position of the industry. The truth of this is well illustrated by commercial organisations that have compromised on integrity, resulting in the complete destruction of the company.

Principles of good commercial decision-making

The following describes the principles of good commercial decision-making:

- A clear set of commercial objectives are articulated
- All available options are identified and evaluated against the commercial objectives
- Each option is assessed in terms of its impact on the Queensland Racing industry and its stakeholders
- The option is selected which achieves the maximum net benefit to the Queensland Racing industry and its stakeholders
- The decision is lawful and is not induced or affected by self interest or fraud
- The evidence and information on which the decision is based supports the decision
- The making of the decision is a proper exercise of the power conferred
- There is full documentation of the decision and the decision-making process.

Responsibilities of decision makers

The responsibilities of decision makers have been described¹ as follows:

- The decision maker understands her or his decision-making power
- The decision maker identifies the steps required in the decision-making process and ensures these have been undertaken
- The decision maker gathers information or evidence relevant to each substantive issue
- The decision maker makes findings of fact on the information or evidence, including ascertaining the status and quality of the information or evidence
- The decision maker gives weight to relevant evidence, considers the facts and disregards irrelevant or improper criteria or policies
- The decision maker considers and applies the merits on a case-by-case basis
- The decision maker exercises discretion to make a decision
- The decision maker records the decision
- The decision maker implements or advises of the decision, including reasons for the decision if required at the time the decision is made or in response to a request for reasons
- The decision maker provides information about review mechanisms.

Queensland Racing commercial decision-making

Queensland Racing makes important commercial decisions on things such as race day allocation, provision of funding, education and training, and negotiations with the other racing codes, UNITAB, Sky Channel and racing bodies interstate. These commercial decisions can have a dramatic effect on the industry's profitability.

Some of the decisions Queensland Racing makes are commercially sensitive. Some of Queensland Racing's commercial decision-making, especially the board's decision-making, is confidential and this confidentiality must be recognised and protected. It will not always be possible, appropriate or desirable for Queensland Racing's commercial decision-making to be open to public scrutiny. However, Queensland Racing's commercial decision-making will, at all times, comply with the principles of good decision-making.

The purpose of this policy is to help ensure Queensland Racing makes correct and preferable commercial decisions at all levels of the organisation. This is achieved by ensuring Queensland Racing's decision-making processes are open and transparent, decisions are made in accordance with the principles of good decision-making, decisions are documented and decision makers understand their role and responsibilities and are accountable for their decisions.

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- (c) issuing, suspending, revoking or refusing to issue a licence, authority or other instrument or
- (d) imposing a condition or restriction or
- (e) making a declaration, demand or requirement or
- (f) retaining, or refusing to deliver up, an article or

(g) doing or refusing to do anything else and a reference to a “failure to make a decision” is to be construed accordingly.

PROCEDURES

Roles and responsibilities

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Review

This policy was reviewed in November 2008.

Next review date will be November 2010.

Rules of Racing

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PURCHASE ORDERS

Raising a Purchase Order

Each department has a Purchase Order book, which is issued by the Accounts Payable Clerk and a register is kept of which department has which Purchase Order book.

When ordering goods / services a Purchase Order is to be raised showing the full details of the items and the total cost, where known.

The Purchase Order is to be completed in Block Letters so that it can be easily read by all.

See attached copy of a Purchase Order.

Where the full price of an invoice is not known, as in the case of hotel bookings which include accommodation and food, although the price of the room is known the cost of the meals will not be.

The Purchase Orders are to be signed by the head of the department. This means that when the invoice arrives it is not necessary to have the invoice signed as well.

For invoices that are over the limit of the department heads these must be signed by the Chief Operations Manager.

For invoices that are over his approval limit the Board must approve the payment and this must be minuted and a copy of the Board minute must be attached to the invoice.

The current heads of departments are with delegation limit as per the QRL Purchasing Policy

Delegations

Name

(as at 22/01/07)

Over \$100,000	Board of Directors	
Up to \$100,000	Chief Operations Manager	Malcolm Tuttle
Up to \$10,000	Finance Manager	Adam Carter
	Director – Integrity Operations	Andrew Hedges
	Racing Services Manager	Paul Brennan
	Accountant	Murray Dyke
Up to \$2,000	Business Analyst	Darryl Kyle
	Board Secretary	Kelly Skuse
	Information & Communications Manager	
	Including Marketing	David Rowan
	Licensing & Training Manager	Peter Smith
	Chief Steward	Reid Sanders
	Deputy Chief Steward (Downs)	Steve Rowe
	Deputy Chief Steward (Capricornia)	Paul Gillard
	Deputy Chief Steward (N Qld)	Patrick Cooper
	Legal Compliance Counsel	Shara Murray
	Senior Administration Officer	Keryn Graham

PURCHASE ORDERS



PURCHASE ORDER
QUEENSLAND RACING LIMITED
 ABN 93 116 735 374

16401

Racecourse Road, Deagon Qld 4017 Telephone: (07) 3869 9700 Fax: (07) 3269 9304
 PO Box 63, Sandgate Qld 4017

To: SEAWORLD RESORT ABN Date: 12/1/07
 Address: PO Box 690 SOUTH PORT QLD 4215

Delivery/Invoice Address: NATIONAL TRAINING CONFERENCE FOR THE RACING INDUSTRY 2006

Delivery Date Required: SEPT 2006

Queensland Racing Limited Contact: P.S.MITH

Contact Number Phone Contact Number Facsimile

All invoices must quote an official order number before payment will be made.

FOR THE SUPPLY OF THE FOLLOWING GOODS & SERVICES

Item	Description of Goods & Services	Qty	Rate	GST		Value		Total Inc. GST		Account Number	Cost Centre	Function
				\$	c	\$	c	\$	c			
	<u>FINAN ADJUSTED INVOICE</u>			<u>246</u>	<u>86</u>			<u>246</u>	<u>86</u>	<u>P</u>		
	<u>TR FROM RISC ML</u>							<u>26,069</u>	<u>45</u>	<u>21616101</u>		
Total Inc.GST								<u>26,069</u>	<u>45</u>			

Fixed & Firm Price Rise & Fall

Queensland Racing Limited
 per: [Signature]
(AUTHORISED SIGNATORY)

UNDER \$2000 / OVER \$2000
 ...Please Circle One...

- 1: White Customer Copy
- 2: Pink Accounts Copy
- 3: Green Control File Copy
- 4: Yellow Books Copy

**Queensland Racing
Limited**

Purchasing

June 2009

Mr Adam Carter
Finance Manager
Queensland Racing
PO Box 63
Sandgate QLD 4017

25 June 2009

Our Ref: 261750

Dear Adam,

Re: Queensland Racing Limited – Internal Audit - Purchasing Review

Please find attached our final report relating to our recently completed internal audit of Purchasing at Queensland Racing.

If you have any questions or wish to discuss any findings in the report, please contact me on 3308 7046 or Jason Swemmer on 3308 7102.

Yours sincerely



Carl Gerrard
Partner
Risk Services

Contents

1	Executive Summary	5
	1.1 Introduction	5
	1.2 Background	5
	1.3 Key Findings	5
	1.4 Engagement Rating	6
	1.5 Acknowledgement	6
	1.6 Report Clearance	6
	1.7 Conclusion	7
2	Detailed Findings	8
	2.1 Use of IPOS (Important)	8
	2.2 Use of Panels / Preferred Suppliers (Important)	10
	2.3 IPOS Items / Supplier Configuration (Minor)	12
	2.4 Compliance with Purchasing Policy (Minor)	14
	2.5 Purchasing and Motor Vehicle Policy (Minor)	15
	2.6 IPOS Reporting Capabilities (Minor)	17
	Appendix A – Statement of Responsibility	18
	Appendix B – Terms of Reference	20

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1 Executive Summary

1.1 Introduction

As part of the Internal Audit Services provided to Queensland Racing Limited (“QRL”), Deloitte Touche Tohmatsu (“Deloitte”) has undertaken a review of Purchasing. The engagement was performed in accordance with Australian Standard on Assurance Engagements ASAE 3000, “*Assurance Engagements Other than Audits or Reviews of Historical Financial Information.*” Further information in relation to the extent of the procedures performed and the scope of our engagement is detailed in Appendix A – Statement of Responsibility and Appendix B – Terms of Reference, respectively.

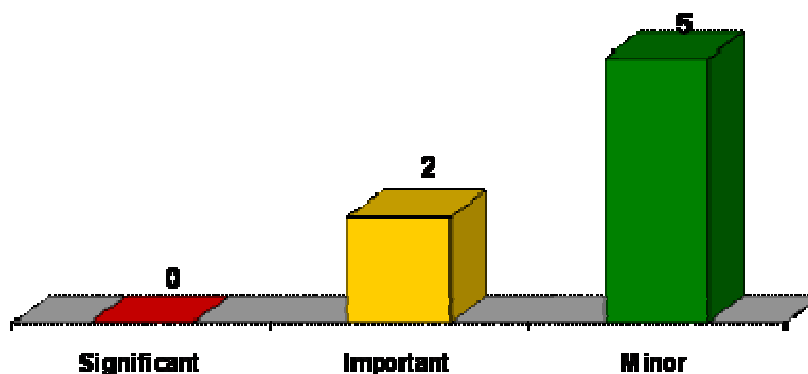
1.2 Background

The QRL purchasing process applies to all of QRL’s departments. The process incorporates the raising and approval of purchase requisitions, purchase orders, the recording and matching of supplier invoices to purchases, and the payment of creditors. All QRL transactions are recorded in the Sun finance system and more recently also in IPOS.

IPOS is a web-based procurement system that was implemented in March 2009 at QRL. IPOS provides QRL with the ability to interface and communicate electronically with suppliers and provides managers with better budgetary controls such as the recording of commitments. IPOS has been configured to enforce QRL’s purchasing policy rules, including delegations of authority limits and segregation of duties between purchase requisitioning and approval. IPOS interfaces with the Sun finance system reducing manual processing.

1.3 Key Findings

Our detailed findings and suggestions for improvement are included in the following section of this report. To enable management to set priorities on their action plans we have reported our findings in three categories, namely, **significant**, **important** and **minor** based on our assessment of the importance of each finding.



Item No	Findings	Importance Level
2.1	Use of IPOS	Important
2.2	Use of Panels/Preferred Suppliers	Important
2.3	IPOS Items/Supplier Configuration	Minor
2.4	Compliance with Purchasing Policy	Minor
2.5	Supplier EFT Payment Run	Minor
2.6	Purchasing and Motor Vehicle Policy	Minor
2.7	IPOS Reporting Capabilities	Minor

1.4 Engagement Rating

Based on the scope of our engagement, QRL’s performance relevant to purchasing is outlined below. This rating is based on observations made during the engagement, and in some areas these observations may have been limited by the scope of the work performed. The rating is intended to assist QRL’s senior management and the Audit Committee to focus on areas of greatest concern, and does not represent an “Assurance Conclusion” as defined by ASAE 3000.

	Minimal opportunities for improvement identified.
	A small number of minor control weaknesses / opportunities for improvement identified.
	Several control weaknesses of concern identified.
	Significant control weaknesses found in a number of areas.
	Poorly controlled. Pervasive, significant weaknesses in controls identified.

Overall engagement rating



1.5 Acknowledgement

We wish to place on record our appreciation of the assistance and co-operation received from the management and staff of QRL.

1.6 Report Clearance

The contents of this report have been discussed and agreed with Adam Carter (Finance Manager).

1.7 Conclusion

Based on our review, which is not an audit, except for the matters noted in Section 2 of this report, nothing has come to our attention to indicate that, in all material respects, internal controls over purchasing are not appropriately designed, and have not operated effectively over the 2008-09 financial year period to date in accordance with the objectives stated in the signed terms of reference.

DELOITTE TOUCHE TOHMATSU



Carl Gerrard

Partner

June 2009

2 Detailed Findings

2.1 Use of IPOS (Important)

2.1.1 Findings / Observations

We noted a number of circumstances where purchase transactions were not entered, approved and processed through IPOS, including the following:

- Project / capital works expenditure (e.g. Sunshine Coast, Toowoomba and Rockhampton projects)
- motor vehicle lease payments
- purchases paid using direct debit and cheques.

These purchases continue to be processed directly in the Sun finance system, where purchase approvals are required to be obtained manually. For example, approval for project expenditure was obtained with a sign-off from an authorised delegate on the hard copy invoice. We noted that a grace period was imposed in the QRL Purchasing Policy for all employees to comply with the new purchasing process by 1 July 2009. After this date, invoices will only be paid by QRL if an IPOS purchase order number is quoted on the supplier invoice.

A number of exceptions to this requirement are documented in QRL's Purchasing Policy, where certain invoices do not require an IPOS purchase order to be processed. This includes energy, phones, rates and other standard monthly charges.

To accommodate these exceptions, the Accounts Payable user group was granted access to enter invoices into IPOS, with no corresponding approved purchase order required. This is not in accordance with better purchasing practice. Members of the Accounts Payable user group include the Accounts Payable Finance Officer and Payroll Officer. We acknowledge that invoices entered into IPOS in this manner have similar approval requirements to purchase requisitions, where approval is required to be obtained from authorised employees with sufficient delegation limits.

2.1.2 Implication/Business Impact

QRL may not achieve the full potential and benefits of IPOS if all purchase transactions are not being captured and processed through the system.

In addition, purchase orders and invoice payments that are not fully entered and processed through IPOS will not be captured as financial commitments. QRL's financial commitment amounts will therefore be inaccurate and may be materially understated.

2.1.3 Recommendation

We recommend that QRL:

1. identify all instances where purchases continue to be approved and processed manually outside IPOS. Educate all employees (particularly those who have not yet adopted the new purchasing process) of the importance of using IPOS for all purchase transactions, to ensure coherent understanding across the organisation before the grace period ends

2.1.4 Management Comment

No.	Description of Action	Person Responsible	Date For Completion
1	IPOS went live in late March / early April and a number of projects were underway.	Adam Carter\Murray	July 1 2009

Deloitte: Purchasing

No.	Description of Action	Person Responsible	Date For Completion
	All Capital projects have been set up with individual items in IPOS so that purchase orders must be raised for any capital expenditure. Even though the July 1 st deadline is in place for the final implementation of IPOS in the purchasing policy, continued education and persistence has lead to improvement from Project Managers in this area.	Dyke	
2	All Vehicle lease payments are all made under direct debit arrangements. As these lease agreements are all prior approved by the relevant individuals and the direct debits are authorised by the Finance Manager, there is no need for purchase orders or invoices to be raised as the expenditure has already been authorised. Any further steps to be taken would be creating unnecessary authorisations.	Adam Carter	Done.
3	Management acknowledges expenses such as energy, phones, rates and other standard monthly charges could also be raised through IPOS purchase order and is common practice. A decision on whether a purchase order will be created for the entire year and updated monthly for standard expenditure will be decided once the Budget cycle for the new financial year is complete.	Adam Carter\ Murray Dyke	August 2009

2.2 Use of Panels / Preferred Suppliers (Important)

2.2.1 Findings / Observations

The establishment of panels or preferred suppliers listing provides purchase requisitioning staff with the choice of selected suppliers from whom to procure goods and services. Panels / preferred suppliers should have an established relationship with QRL, with a proven, successful record. QRL's Purchasing Policy recognises that preferred supplier arrangements streamlines the purchasing process, reduces administrative costs and potentially promotes cost savings through volume discounts and exclusivity arrangements.

QRL's Purchasing Policy makes reference to a preferred supplier listing spreadsheet. However, we noted the spreadsheet did not provide a preferred listing of suppliers. Instead, the spreadsheet listed all suppliers QRL has made purchases from in the current financial year. The spreadsheet also listed all contractual agreements QRL have entered into with third parties.

From the purchasing system perspective, preferred listings of suppliers are not configured and communicated through IPOS, as IPOS does not currently provide this functionality. When raising a purchase requisition in IPOS, the system displays a listing of all suppliers that are linked to the items being requisitioned. Unless the purchase requisitioning staff member and / or approver are able to identify the preferred supplier, IPOS allows a purchase order to be raised with non-preferred suppliers.

2.2.2 Implication/Business Impact

With no established panels / preferred suppliers listing available, QRL employees may procure goods and services from non-preferred suppliers. As such, additional costs may be incurred by QRL, both financially (e.g. more expensive prices) and non-financially (e.g. lower quality goods / services, or less favourable purchasing terms that do not meet QRL's expectations and business needs).

In addition, compliance with the QRL Purchasing Policy's preferred supplier arrangements is difficult to determine. With no organisation-wide knowledge of preferred suppliers, common purchasing opportunities may not be identified and exploited.

Establishing a panels / preferred suppliers listing would provide QRL with the baseline to assist in QRL's plans to roll out centralised common purchasing arrangements for all Queensland racing clubs.

2.2.3 Recommendation

We recommend that QRL:

1. establish a panels / preferred suppliers listing. Where possible, preferred suppliers should be linked to the relevant individual items set up in IPOS.
2. consider long-term improvements to IPOS by integrating the preferred suppliers listing into the system. For example, when requisitioning an item in IPOS, requisitioning staff can be prompted with a selection of both preferred suppliers and all other suppliers from which to procure. Items that are procured from a non-preferred supplier should require additional approval from the Finance Manager, regardless of the requisitioning staff member's delegation of authority limit.

2.2.4 Management Comment

No.	Description of Action	Person Responsible	Date For Completion
1	QRL has begun the second phase of the IPOS project called "3P" which will formalise the creation of new items and suppliers in IPOS. New suppliers requested	Murray Dyke	30 June 2009

No.	Description of Action	Person Responsible	Date For Completion
	by users under 3P will go through an authorisation process similar to purchase orders in IPOS. This will ensure that Finance can control which Suppliers are added to the system and that any preferred suppliers are protected. No suppliers will be added outside of 3P therefore there will be segregation of duties and tighter controls in place.		
2	Finance will continue to review IPOS and where possible ensure items are linked to only preferred suppliers. Preferred supplier agreements to be set up for all major expenditure items.	Murray Dyke/Adam Carter	30 September 2009

2.3 IPOS Items / Supplier Configuration (Minor)

2.3.1 Findings / Observations

Items and suppliers are set up in IPOS to allow purchase requisitioning staff to select items to be purchased and the relevant suppliers from which to procure. The Accounts Payable user group is responsible for creating and setting up items and suppliers in IPOS. The user group consists of the Accounts Payable Finance Officer and Payroll Officer.

In reviewing the IPOS items listing report, we identified a number of redundant items that relate to the same purchases general ledger account in the Sun finance system. For example, the following items relating to purchase of business cards were all linked to purchase account 6132:

- PRINTBUSCARDAC – Bus Card Carter, A
- PRINTBUSCARDDBB – Bus Card Bentley, B
- PRINTBUSCARDDDR – Bus Card Rowan, D
- PRINTBUSCARDTR – Bus Card Training Dept

We noted that the majority of the redundant items were set up to differentiate regions in Queensland. For example, the following items relating to accommodation expense were all linked to purchase account 62155:

- ACCOM02ST – Accom (date) (name) (where)
- ACCOM03CR – Accom COUNTRY RACING (date) (name) (where)
- ACCOM03ST – Accom ROK (date) (name) (where)
- ACCOM04ST – Accom (date) (name) (where)
- ACCOM05ST – Accom NQ (date) (name) (where)
- ACCOM06ST - Accom DOWNS (date) (name) (where)

Furthermore, we identified a number of QRL employees who were set up as suppliers in IPOS. While employees are required to be set up as suppliers for expense reimbursement purposes in the Sun finance system, we noted that expense reimbursements are not processed through IPOS. Suppliers that relate to QRL employees are therefore not required to be set up in IPOS.

2.3.2 Implication/Business Impact

Redundant items set up in IPOS may confuse purchase requisitioning staff when the staff members are prompted with multiple items with similar descriptions. We noted a number of instances where requisitioning staff selected an incorrect item, which resulted in the purchase being charged to an incorrect general ledger purchases account in the Sun finance system.

2.3.3 Recommendation

We recommend that QRL:

1. identify all redundant items from the IPOS item listing report and remove redundant items from IPOS where possible. Details of the region can be entered as part of the description of the item. For example, a single item can be set up for accommodation expenses, with a description of “Accom (region) (date) (name) (where)”.
2. identify all QRL employees that were set up as suppliers in IPOS and remove these supplier records from IPOS.

3. establish documented procedures to provide the acceptable guidelines and conventions for setting up items and suppliers in IPOS.
4. perform an annual review of both suppliers and items in IPOS to identify potential redundancies and maintain the integrity of IPOS.

2.3.4 Management Comment

No.	Description of Action	Person Responsible	Date For Completion
1	As stated above 3P will manage the creation of new items and suppliers. The process involves several stages of approval and checking, ensuring situations above do not occur. Final approval of items will reside with the Accountant and Finance Manager.	Murray Dyke	30 June 2009
2	All redundant items will be identified and removed where possible.	Murray Dyke	30 September 2009
3	An annual review of items and suppliers will be performed to ensure the integrity of IPOS data.	Murray Dyke	May 2010

2.4 Compliance with Purchasing Policy (Minor)

2.4.1 Findings / Observations

QRL's Purchasing Policy outlines the key principles and procedures to be performed for a number of key purchasing activities, including purchases for Information Technology (IT) hardware and software.

The policy states that, *“where a requirement to add items to the schedule covered by the lease has been identified, the purchasing officer must ensure the purchasing principles are adhered to. For items under \$10,000, preferred supplier arrangements can be used. For items \$10,000 or over, three quotes must be obtained. Appropriate documentation to support the purchasing decisions must be maintained at all times.”*

We identified an instance of non-compliance with the above provision of the policy, where 12 desktop computers (Lenovo) were purchased through a lease agreement from Datacom in September 2008. This purchase amounted to \$17,534, which requires three quotes to be obtained to support the purchasing decision. While the purchase order was approved by the Chief Operations Manager, we noted that QRL entered into the lease agreement with Datacom with only one additional quote obtained by the lessor (CIT Australia) to verify the reasonableness of Datacom's quote.

Furthermore, the policy states that, *“the IT Section is also required to develop and maintain an IT asset replacement strategy, incorporating a list of all hardware and software under lease (or purchased), and information on the condition and expected useful life of individual items.”*

We noted that the IT Asset Replacement Strategy was not documented.

2.4.2 Implication/Business Impact

Non-compliance with QRL's Purchasing Policy with regard to the above provision may have financial implications if QRL did not procure from the supplier that provides the best value for money and purchasing terms.

There is also an increased key-person risk to the IT Manager's role if the IT Asset Replacement Strategy is not documented.

2.4.3 Recommendation

We recommend that QRL:

1. ensure that purchases above the set thresholds (i.e. \$10,000 for IT equipment) are supported with the required number of quotes. With IPOS, quotes should be scanned and attached to support a purchase requisition entry. Purchase requisitions should not be approved if the required number of quotes or other supporting documentation is not attached.
2. develop a documented IT Asset Replacement Strategy as per the provisions made in QRL's Purchasing Policy.

2.4.4 Management Comment

No.	Description of Action	Person Responsible	Date For Completion
1	Management acknowledges the breach of the policy in this instance and will reissue the policy to all employees as a reminder of their obligations	Adam Carter, in conjunction with all QRL managers and Chief Operations Manager	30 June 2009
2	IT manager to instigate IT Asset Replacement Strategy as soon as possible	David Rowan	31 December 2009

2.5 Purchasing and Motor Vehicle Policy (Minor)

2.5.1 Findings / Observations

In reviewing QRL's Purchasing Policy (v1.04 – last updated May 2009), we identified a number of improvement opportunities to enhance the clarity of the policy. We noted that the policy states similar provisions in a number of areas:

- delegation of authority limits – stated twice in the table on page 8 and listed on page 9
- payment methods – listed twice on both pages 12 and 13
- summary of key controls – while this section (page 14) provides a summary of controls discussed throughout the policy, there were a number of controls such as the vendor creation process that have not been discussed previously
- the requirement to obtain three quotes for purchases above \$10,000 was mentioned several times throughout the policy.

In reviewing QRL's Motor Vehicle Policy (v1.03 – last updated April 2008), we noted that the policy did not prohibit unreasonable /excessive use of company vehicles for private / personal purposes. We noted an instance where a QRL employee had used a company vehicle to travel interstate, when they were on annual leave in September and October 2008. During this period, QRL incurred fuel costs of \$282.63, where the vehicle travelled approximately 2,000 kilometres, based on the odometer reading obtained from the SG Fleet Intelligence report. We acknowledge that lease payments for vehicles may be co-contributed by both QRL and the employee.

2.5.2 Implication/Business Impact

The lack of clarity in the QRL Purchasing Policy may result in a lack of general understanding by QRL employees of the provisions made in the policy. This increases the risk of non-compliance with the QRL Purchasing Policy.

There is also an increased risk of abuse by employees in using QRL vehicles excessively for private use. This impacts on QRL financially, where QRL incurs additional expenditure in regard to fuel costs. Additional costs may also be incurred in regard to the useful life of the vehicle. Vehicles are due for replacement earlier than planned, when the odometer reading on the vehicle exceeds a certain threshold stipulated in the vehicle lease agreement.

2.5.3 Recommendation

We recommend that QRL:

1. enhance the clarity of the Purchasing Policy by removing redundant provisions from the policy, where appropriate.
2. include a provision in QRL's Motor Vehicle Policy to limit any private use of QRL vehicles to a reasonable amount, within the local area of employment.

2.5.4 Management Comment

No.	Description of Action	Person Responsible	Date For Completion
1	Management acknowledges the redundant provisions and will review the policy with a view to make it clearer.	Murray Dyke / Adam Carter	30 September 2009
2	Management will review the excessive personal use of motor vehicles under the	Ron Mathofer / Adam	30 September

No.	Description of Action	Person Responsible	Date For Completion
	existing policy and will update the policy and communicate to staff. The monthly fuel account is analysed for excessive use through the SGFleet online reporting tool.	Carter	2009

2.6 IPOS Reporting Capabilities (Minor)

2.6.1 Findings / Observations

In reviewing the list of standard reports that can be run in IPOS, we noted that there were no reports available to outline the audit trail for administrator functions, such as changes made to the invoice / requisition approval matrix (i.e. delegation of authority limits). Audit trail reporting only covered changes made to the standard purchase workflow process, such as updates made to purchase requisitions and purchase order approvals.

We noted that the reporting output of the standard IPOS reports is only available in PDF format. *Ad-hoc* reporting and queries may be developed using the Advanced Inquiry application, where further analysis and manipulation of data is required, or where standard IPOS reports do not provide sufficient information. At the time of our engagement, QRL employees had not yet been trained in using Advanced Inquiry and we noted that training may be conducted once Phase 2 of the IPOS implementation project is completed.

2.6.2 Implication/Business Impact

The lack of audit trail reporting for administrator functions results in insufficient monitoring controls to identify unauthorised changes being made to key application controls in IPOS.

As QRL transitions to, and gains maturity in using IPOS to process purchase transactions, more data will be available to be analysed in the IPOS database. There may be a greater need over time for QRL to analyse and query the IPOS database, to extract information useful for business reporting.

2.6.3 Recommendation

We recommend that QRL:

1. liaise with Professional Advantage (the vendor / developer of IPOS) to consider implementing audit trail reporting capabilities for administrator functions.
2. arrange for Advanced Inquiry training to be conducted for relevant employees in the Finance department to build internal skills in querying and extracting data from IPOS.

2.6.4 Management Comment

No.	Description of Action	Person Responsible	Date For Completion
1	The audit trail process was raised with Sun Provider – Professional Advantage (PA) at the time of purchase and is an ongoing point of discussion and development with PA for future versions.	Murray Dyke / Adam Carter	Ongoing
2	Training will be provided to relevant Finance staff early in the new financial year. This training will utilise the knowledge and experience of IPOS held by current users.	Murray Dyke / Adam Carter	September 2009

Appendix A – Statement of Responsibility

Management’s Responsibility for the Engagement

The management of QRL are responsible for the preparation and presentation of purchasing in accordance with the signed terms of reference. This responsibility includes establishing and maintaining processes and internal controls relevant to the preparation and presentation of purchasing to ensure that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate policies; and making estimates that are reasonable in the circumstances.

Assurance Practitioner’s Responsibility

Our responsibility is to express a conclusion on purchasing based on our review. We conducted our review in accordance with Australian Standard on Assurance Engagements ASAE 3000, “*Assurance Engagements Other than Audits or Reviews of Historical Financial Information*,” in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that purchasing is not in accordance with the criteria listed above.

A review consists primarily of making enquiries, primarily of persons responsible for the preparation of purchasing and its underlying information, applying analytical and other review procedures, and examination of evidence for a small number of transactions or events. A review is substantially less in scope than a reasonable assurance “audit” conducted in accordance with ASAE 3000. Accordingly, we do not express an *audit opinion*. Had we performed a reasonable assurance “audit” as defined by ASAE 3000 or an audit as defined by Australian Standards on Auditing, additional information may have come to our attention, which would have been reported to you.

Inherent Limitations

Our Work is subject to the following limitations:

- Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Our procedures were not designed to detect all weaknesses in control procedures as they were not performed continuously throughout the period and the tests performed are on a sample basis.
- Any projection of the evaluation of the control procedures to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.
- The matters raised in this report are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management’s responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.

Suggestions for improvement should be assessed by management for their full commercial impact before they are implemented.

Limitations on use

This report is made solely to the management of QRL in accordance with our engagement letter dated May 2009, for the purpose outlined in the signed terms of reference dated 17 April 2009 and should not be quoted in whole or in part without our prior written consent. We disclaim any assumption of responsibility for any reliance on this report to any person other than the management of QRL, or for any purpose other than that for which it was prepared.

We disclaim all liability to any other party for all costs, loss, damages, and liability that the other party might suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party, or the reliance on our report by the other party.

Independence, Competence, and Experience

All professional personnel involved in this engagement have met the independence requirements of the Australian professional accounting bodies. Our team has been drawn from our Risk Services Practice and has the required competencies and experience for this engagement.

Appendix B – Terms of Reference

Purpose & Scope

This engagement included a strategic review of the following:

- process for purchasing across QRL, including IT, consultants and motor vehicles
- the use of panels
- purchases on behalf of the industry (capital works projects)
- purchasing policy and framework
- IPOS.

We did not test application controls in IPOS that relate to the functional areas that are currently being implemented as part of Phase 2 of the IPOS implementation project.

Engagement Objectives

Selected controls around purchasing were evaluated taking into consideration whether the controls are adequately designed, communicated, and operational, where appropriate.

Methodology

We have reviewed the following:

- strategic review of the items listed in the scope items above
- appropriateness of application controls configured within IPOS, including:
 - the consistency between the invoice/requisition approval matrices in IPOS against QRL's approved delegation of authorities
 - appropriateness of user access privileges granted to user groups setup in IPOS
- appropriateness of reporting output from IPOS
- general controls around purchases made using corporate credit cards and petty cash
- compliance with QRL purchasing policy and procedures.

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QUEENSLAND
RACING

AUDIT MEETING

Friday 26 June 2009
at 8.30am

Queensland Racing Limited
(ACN 116 735 374)
Audit Committee Meeting

Date: Friday 26 June 2009

Time: 8:30am

Venue: Queensland Racing Board Room

Committee Members: Michael Lambert (Chairman)
Tony Hanmer

Attending: Malcolm Tuttle
Adam Carter
Ron Mathofer

Minutes: Ali Wade

A G E N D A

Item	Business	Contact
1	Confirmation of Minutes of 1 May 2009	Chairman
2	Action Sheet - Follow up Issues –	Chairman
3	TAB Corporate Governance and Financial Assessment – Gold Coast Turf Club	Adam Carter
4	Internal Audit Plan FY09/10	Adam Carter
5	TAB Club Corporate Governance and Financial Assessment Plan – FY09/10	Adam Carter
6	Internal Audit Update – Payroll	Adam Carter
7	Internal Audit Update – Purchasing	Adam Carter
8	Internal Audit Update – Document Management	Adam Carter
9	Insurance Update – To be discussed at meeting	Adam Carter
10	Provision for Bad Debt FY 0809 – To be discussed at meeting	Adam Carter
11	Upcoming Projects – <i>verbal presentation</i>	Adam Carter

**Minutes of Audit Committee Meeting
Monday 1 May 2009**

**Queensland Racing
Board Room
Racecourse Road, Deagon**

**Meeting commenced at 8.30am
Meeting concluded at 9.15am**

Committee Members Present: Michael Lambert (Chairman)
Tony Hanmer

Also in Attendance: Adam Carter – *Finance Manager*
Ron Mathofer – *Business Analyst*

Apologies: Malcolm Tuttle- *Chief Operations Manager*

Minutes: Ali Wade - *Finance*

The meeting commenced at 8.30am.

1. Confirmation of Minutes of 6 March 2009

The Committee **NOTED** the Audit Minutes from the last meeting on 6 March 2009.

Grammatical correction on page 3 line 2 '**AFFECT**' be changed to '**EFFECT**'

The committee **RESOLVED** that the QRL Audit Meeting Minutes of 6 March 2009 with the above amendment be received and confirmed.

MOVED by Mr Lambert **SECONDED** by Mr Hanmer.

2. Action Sheet

The **Committee** made the following comments regarding the following action sheet items:

- Item 1. **TAB Workshop**
23rd and 24th November are the preferred dates for 2009.
Michael Paramor to receive an Agenda
- Item 12. **TAB Business Asset Risk and Sponsorship Plan**
To be deferred to 4 December 2009
- Item 15. **Tattersall's Racing Club Loan**
Mr Carter confirmed the finalised update will be provided 5 June 2009
- Item 16. **Cairns Jockey Club Internal Audit Deloitte**
Action complete and can be removed

3. Risk Management Policy

Mr Carter advised that although there was limited feedback from clubs, no significant issues were raised and comments were favourable.

The Committee noted the following issues:

- 3.1. Consideration is to be given to provide the same detailed information to Strategic Non-TAB clubs in alignment with TAB clubs where the requirements of clubs are the same
- 3.2. Recommend a tiering system to distinguish between the three classes of clubs
 - 3.2.1. TAB
 - 3.2.2. Strategic Non-TAB
 - 3.2.3. Other Non-TAB
- 3.3. Appendix A: TAB Clubs (page 6), replace Club venue with Club name

The committee **ENDORSED** the Risk Management Plan subject to the proposed tiering system as noted in item 3.2 above.

4. Event Management Policy

Mr Carter advised the feedback received from clubs raised no significant issues. This is partly due to the clubs involvement during the production of the policy.

The committee noted the following issues:

- 4.1. Change the point of contact to Mr Brennan – Racing Services Manager
- 4.2. Review the non-racing events listed on page 3
- 4.3. Define Table 1, page 4 as examples
- 4.4. Recommend reviews to be undertaken bi-annually
- 4.5. Consideration to be given for QRL to create and facilitate a forum to discuss and relay event management experience

Mr Lambert provided a hard copy of amendments to be made.

The committee commented that the forum (refer 4.5) be discussed with Mr Brennan.

The committee **ENDORSED** the Event Management Policy subject to the above changes.

5. Internal Audit Update – FMPM

The committee noted the following issues:

- 5.1. Further work required on areas identified by auditors, item 4, page 3 of the audit paper.
 - 5.1.1. Incorporate additional sections as identified by Deloitte and highlighted in Audit Paper
- 5.2. FMPM Page 1, Introduction
 - 5.2.1. Message to be endorsed by the QRL Chairman

- 5.2.2. Include direction to contact person: Mr Carter – Finance Manager
- 5.3. Review structure of Business, Operational and Strategic Planning to remove duplication
- 5.4. Review items that would be considered outside financial management and possibly remove.
 - 5.4.1. Volunteer management
 - 5.4.2. Marketing/Advertising/Promotion
 - 5.4.3. Retention of Management
- 5.5. To add a checklist on the specific requirements of the FMPM which apply to Non TAB, Strategic Non Tab and Tab Clubs.

The committee **ENDORSED** the general FMPM document subject to further discussion and fine tuning.

Follow-Up:-

Mr Lambert to liaise with Mr Carter on FMPM issues.

6. Banking Review

The committee requested that TAB clubs be advised of the process and consideration given by the banks in their proposals.

The committee commented that the NAB proposal would be more beneficial than the status quo for clubs.

Mr Carter advised that NAB's offer was not conditional on TAB clubs switching to NAB.

The committee **ENDORSED** the change to NAB for all QRL banking arrangements from 1 July 2009.

The committee **ENDORSED** a proposal be put forward to TAB Clubs to switch to NAB, upgrade current arrangements with NAB, to more competitive rates and services than they currently have in place.

Follow-Up:-

- 1. Request the current banking information breakdown from all clubs.
- 2. Report response to Audit Committee.
- 3. Provide to NAB to source more competitive rates.

7. General Business

Mr Carter advised the following dates for Audit by BDO Kendalls:

- 7.1. 2009 Audit dates
 - 7.1.1. Interim Audit 15 June 2009
 - 7.1.2. Final Audit 3 August 2009
 - 7.1.3. For review at Audit Committee meeting 28 August 2009
 - 7.1.4. Seek Board approval 4 September 2009

Mr Carter provided feedback on BDO Kendall's commenting that the fees are currently reasonable, auditors approachable with good response time and continuity of staff.

The committee **NOTED** the feedback and recommended a three to five year rotation of auditors.

7.2. Purchasing and Procurement Strategy

- 7.2.1. Considering tender process in line with State Government (preferential suppliers)
- 7.2.2. Working towards short and long term strategies

7.3. Club Ticketing

- 7.3.1. Current TAB Club ticketing structure lacking cohesion and audit trail
- 7.3.2. Consideration be given to a unified ticketing system through RISA for all TAB clubs

Next meeting date set for 5 June 2009 at 8:30am

The meeting closed at 9.15 am.

Chairman

Date

QUEENSLAND RACING LIMITED
(ACN 116 735 374)
AUDIT COMMITTEE MEETING
ACTION SHEET as at 26 June 2009

NO	ITEM	ACTION REQUIRED	ACTION OFFICER	THIS MEETING	COMMENT
1	TAB Workshop	Schedule meeting and agenda for FY09/10 workshop. Action Items: Common purchasing requirements EIS One Marketing Risk Management Insurance	Adam Carter	<u>4 September 2009</u>	Preferred dates 23,24 Nov
2	Internal Audit Update – Follow-Up Prior Year Issues	QRL to continue to address the partly and not implemented recommendations. IT strategic plan to be developed.	Adam Carter David Rowan	<u>7 August 2009</u> <u>7 August 2009</u>	
3	Quarterly Operational KPI's (QRL – Internal)	Internal KPI's to be prepared based on the Business Plan.	Adam Carter Ron Mathofer	<u>7 August 2009</u>	Presented on a quarterly basis
4	Interim Audit Issues	Management responses were considered at 3 August 2007 meeting. Follow-up and update to be provided to Audit Committee on location of Certificate of Title for the Barcaldine office.	Shara Murray	<u>7 August 2009</u>	

QUEENSLAND RACING LIMITED
(ACN 116 735 374)
AUDIT COMMITTEE MEETING
ACTION SHEET as at 26 June 2009

NO	ITEM	ACTION REQUIRED	ACTION OFFICER	THIS MEETING	COMMENT
5	Key Performance Indicators (KPI's) (Clubs – External)	KPI's for year ending 30 June 2009 to be provided once financials have been received by 30 September. Check with Victoria and New South Wales on what KPI's they have implemented	Adam Carter Ron Mathofer	<u>6 November 2009</u>	Currently working with clubs on implementing EIS-One performance measurement software.
6	Risk Management Policy	Update Risk Management register.	Adam Carter Mal Tuttle	<u>7 August 2009</u>	Risk Management update to be provided to August 2009 meeting
7	Financial Management Practice Manual (FMPM)	Finalise further recommendations from Deloitte in QRL Internal FMPM. Review Club FMPM incorporating the following: Business Continuity Asset Utilisation HR Policies and Procedures Financial Reporting Revise the wording under Tax basics and employment conditions Updating all roles and profiles for clubs and secretaries. Once	Adam Carter	<u>7 August 2009</u>	Underway with Mr Lambert and being reviewed by Deloitte.

QUEENSLAND RACING LIMITED
(ACN 116 735 374)
AUDIT COMMITTEE MEETING
ACTION SHEET as at 26 June 2009

NO	ITEM	ACTION REQUIRED	ACTION OFFICER	THIS MEETING	COMMENT
		finalised to be distributed to all TAB and Non-TAB Clubs in new financial year.			
8	Insurance	Correspondence has been forwarded to TAB Clubs in relation to industrial special risks insurance, to enable further assessment of special risks to enable bulk purchasing and discounted industry rate.	Adam Carter	<u>26 June 2009</u>	Underway
9	TAB Business Asset Risk and Sponsorship Plan	Correspondence to be forwarded to clubs advising of areas of improvement and strength.	Adam Carter Ron Mathofer	<u>4 December 2009</u>	Clubs have been advised and further information to be incorporated in new Club FMPM. Clubs to incorporate recommendations in Business Plans, Asset, Risk Sponsorship. Plans due 30 September 2009.

QUEENSLAND RACING LIMITED
(ACN 116 735 374)
AUDIT COMMITTEE MEETING
ACTION SHEET as at 26 June 2009

NO	ITEM	ACTION REQUIRED	ACTION OFFICER	THIS MEETING	COMMENT
10	Review of Non-TAB Club Financials	<p>Identify the key Non-TAB clubs that make significant contributions to the industry for possible future assistance and support from Queensland Racing.</p> <p>A listing of all Non TAB Clubs and their importance and standing in the Queensland Racing industry to be continued.</p> <p>Identify Non-TAB 'hubs' and associated regional 'spokes'.</p> <p>Identify good practice templates, seek to mandate for inclusion in the FMPM</p>	Adam Carter Ron Mathofer Paul Brennan	<u>6 November 2009</u>	<p>Underway</p> <p>FY 07/08 Non-TAB club results presented to Audit Committee 6 March 2009. 28 strategic clubs identified and incorporated into EIS One system. Further work required regarding regional 'hub' & 'spoke'.</p>
11	Update on all TAB reviews in 08/09	<p>Update to be provided for Sunshine Coast, Gold Coast Turf Club and Townsville.</p> <p>A plan to be devised on how clubs can use common Auditors for financial year 08/09. Approached through Country Racing Council.</p>	Adam Carter	<p><u>26 June 2009</u></p> <p>Agenda Item 3</p>	<p>Audits completed Gold Coast, Sunshine Coast with Townsville underway 9-19 June 2009. GCTC see Item 3.</p>

NO	ITEM	ACTION REQUIRED	ACTION OFFICER	THIS MEETING	COMMENT
12	Tattersall's Racing Club Loan	QRL to write to Michael Paramor, CEO of Tattersall's Club to find out the position in relation to the loan from Tattersall's Racing Club to Tattersall's Club.	Adam Carter	<u>7 August 2009</u>	Adam Carter has spoken with Michael Paramor and is waiting for feedback
13	Revenue Collection Audit.	Mr Carter to arrange a schedule of all internal audit issues raised and provide a follow up on them. Mr Carter to keep the Committee updated on the Revenue Collection Audit.	Adam Carter	<u>4 September 2009</u>	
14	Internal Audit – HR Policy Review	QRL to address the Deloitte findings and recommendations	Adam Carter	<u>7 August 2009</u>	Final report to be provided 5 June 2009 with HR Business Solutions Recommendations
15	Upcoming Projects	Mr Carter is to review adequate resources to fulfil projects and requirements	Adam Carter	<u>26 June 2009</u> Agenda Item 11	Verbally

AUDIT COMMITTEE PAPER NUMBER: 3
Corporate Governance and Financial Assessment of Gold Coast Turf Club

PURPOSE:

The purpose of this paper is to advise the Audit Committee of the findings arising from the Corporate Governance and Financial Assessment of the Gold Coast Turf Club (GCTC) conducted in March 2009 with further review in May 2009.

BACKGROUND AND ISSUES:

During the 2005 and 2007 each of the 9 TAB venue clubs had Deloitte undertake a review of their activities. In FY 0809 the Gold Coast Turf Club was selected as one of the clubs' to be reviewed.

A summary of assessment has been attached highlighting the findings for the club along with a copy of the report, entitled "Corporate Governance and Financial Management assessment of Queensland Racing Clubs" for the club.

Ratings are based on observations made during the engagement and sample testing.

Focus Area	GCTC 2009 (Current)	GCTC 2007	GCTC 2005
Corporate Governance			
Legislative Compliance	Yellow	Green	Green
Business Planning	Green	Yellow	Green
Internal Control Environment	Green	Green	Green
Risk Management	Green	Hatched	Hatched
Performance Evaluation and Review	Green	Green	Green
Finance Operations			
Financial reporting and accountability	Green	Green	Green
Club Funding	Green	Green	Green
Capital Expenditure	Green	Green	Green
Capital Assets	Yellow	Green	Green
Payroll	Yellow	Green	Green
Accounting Records	Green	Green	Green
Cash Collection and Disbursements	Yellow	Hatched	Hatched
Purchasing	Yellow	Hatched	Hatched

The club has been written to requesting management responses to the assessment, and GCTC management – Kevin Ahrens – Financial Controller has forwarded their responses as per attachment to the initial assessment conducted in March 2009.

QRL will aim to work closely with all assessed clubs this year to ensure they improve on their corporate governance and financial operational performance by providing assistance with compliance as outlined in the QRL Club Financial Management Procedures Manual (FMPM). This manual has undergone a review process and the updated version will be forwarded to all clubs and made available on the QRL website as soon as possible.

A summary of key findings from the attached Deloitte report is highlighted below.

SUMMARY

The report supplied by Deloitte highlights the key issues faced by the Gold Coast Turf Club as well as the areas of improvement over previous review periods. Some of the key areas are as follows;

1. Review of all admissions reconciliation processes needs to be undertaken in order to improve the accuracy and accountability of the process (see page 30 of Deloitte Report)
2. No cash register is used for cash collection of admissions therefore no accurate reconciliation is able to be performed. During feature race meetings additional entry points for patrons are set up.
3. The Club has a retail software system (Future) operating that links point of sale with inventory. This system enables the club to better manage and monitor stock movements and bar sales to inventory variances.
4. The Future inventory system has the functionality of setting minimum stock levels to assist purchasing but this functionality is currently not being utilised. The club attempts to maintain a total monthly inventory value of \$90,000, which may vary to meet demands.
5. Purchase orders are not required by club, relying on informal approval of purchase requirements. Department managers are responsible for authorisation of purchases that fall within their areas of control providing they fall within defined limited documented in GCTC purchasing policy document. (see page 39 for authority limits)
6. As is the case with other clubs, GCTC does not adhere to section 112 of the *Racing Act 2002*, which states that all clubs must obtain written approval from QRL before making any donations to charitable and other not for profit organisations

The Club has slipped in some areas, as is highlighted above, and needs to address those weaknesses in order to work towards best practice for QLD racing clubs. Developing, or modifying, policy and procedures in the key areas identified in the report will ensure that the current weaknesses are addressed.

The use of technology such as point of sale to inventory systems employed by the club are positive means of ensuring the integrity of stock controls and highlight the positive direction the GCTC is taking in operational management practices.

The major concern relates to the current gate admissions collection and reconciliation processes in place at the club. There are weaknesses in the initial cash collection methods and the subsequent reconciliation of tokens to cash taken. This is exacerbated during heavy traffic periods that occur during feature race days where temporary entrance points are utilised.

QRL will work closely with the club to address the issues and provide guidance and training with the roll out of new FMPM and provide a variety of templates to assist clubs in improving policy and procedures.

DECISION REQUIRED

To note the above, in conjunction with the other findings of the Deloitte assessments and the club management response received.

To seek the audit committee approval to perform a follow up assessment in FY10/11 of all clubs who have been assessed in the current financial year.



ADAM CARTER

Finance Manager

Actioning Officer: Ron Mathofer, Business Analyst

Queensland Racing
Corporate Governance and
Financial Management assessment of
Queensland Racing Clubs (Gold
Coast Turf Club)

June 2009

DRAFT REPORT

This draft report is subject to our internal review procedures and accordingly, we reserve the right to add, delete and/or amend the draft report as appropriate. This draft is provided purely for discussion purposes and is solely for the use of the addressees or out terms of engagement and solely for the purposes set therein. No party is entitled to rely on this incomplete report. It should not be made available or copied in whole or in part to any party other than an addressee without our express approval in writing.

Mr Adam Carter
Finance Manager
Queensland Racing
PO Box 63
Sandgate QLD 4017

10 June 2009
Our Ref: 273058

Dear Adam,

Re: Corporate Governance and Financial Management assessment of Queensland TAB Racing Clubs (Gold Coast Turf Club)

Please find attached our draft report relating to our recently-completed engagement upon selected operations of the Gold Coast Turf Club (GCTC).

If you have any questions or wish to discuss any findings in the report, please contact Jason Swemmer on 3308 7102 or me on 3308 7046.

Yours sincerely,

Carl Gerrard
Partner

Contents

1	Executive Summary	4
	1.1 Introduction	4
	1.2 Background	4
	1.3 Key Findings	5
	1.4 Engagement Rating	8
	1.5 Acknowledgement	8
	1.6 Report Clearance	9
	1.7 Conclusion	9
	1.8 Management Response	9
2	Detailed Findings	10
	2.1 Club Assessment – Gold Coast Turf Club	10
	Primary Focus Area – Corporate Governance	10
	Primary Focus Area – Finance	16
	2.2 Ratio Analysis – Financial Health	41
	2.3 Sample Transaction Testing	42
	Appendix A – Sponsorship Register	43
	Appendix B – Analysis of Board Meeting Attendances	44
	Appendix C – Analysis of Gate Takings & Attendance Numbers	46
	Appendix D – Analysis of Bar and Catering Profit Margins	51
	Appendix E – Analysis of Mobile Phone Expenses	53
	Appendix F – Analysis of Fuel Expenses	54
	Appendix G – List of Creditors and Suppliers of GCTC	55
	Appendix H – Extract of Related Legislation	62
	Racing Act 2002 Club Provisions	62
	Queensland Rules of Racing Clubs	65
	Appendix I – Statement of Responsibility	66
	Appendix J – Terms of Reference	68

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1 Executive Summary

1.1 Introduction

Deloitte Touche Tohmatsu (“Deloitte”) has undertaken a review of Gold Coast Turf Club (“GCTC”) on behalf of Queensland Racing Limited (“QRL”). The engagement was performed in accordance with Australian Standard on Assurance Engagements ASAE 3000, “*Assurance Engagements Other than Audits or Reviews of Historical Financial Information.*” Further information in relation to the extent of the procedures performed and the scope of our engagement is detailed in Appendix I – Statement of Responsibility and Appendix J – Terms of Reference, respectively.

1.2 Background

The objective of this report was to evaluate GCTC’s corporate governance and financial management framework with specific focus on the following areas:

Corporate Governance

- Legislative Compliance
- Business Planning
- Internal Control Environment
- Risk Management
- Performance Evaluation and Review.

Finance Operations

- Financial reporting, accounting records and accountability
- Club Funding and other revenue
- Capital Expenditure
- Capital Assets
- Cash Flow management
- Payroll, including administration costs, staff salary levels, staff numbers (permanent and casual) and staff allowances
- Cash collection and controls on race day through catering, bars, admissions, security, handling, collection and banking
- Credit Cards management (register, policy, limits, delegations).

This report includes findings that were observed in a further review and analysis of GCTC in May 2009. These are documented in *italics* throughout this report.

1.3 Key Findings

We have provided a summary of key findings below:

1.3.1 Corporate Governance

- GCTC has developed a range of internal policies and procedures in relation to human resources (HR), expenses and purchasing, and risk management. The HR Policies and Procedures Manual has been recently reviewed and now incorporates sub-procedures covering key HR issues including leave entitlements, health and safety, and the use of technology
- GCTC has developed a business plan, focusing on the development of the club between June 2008 and June 2010. The plan was updated in March 2009 and at the time of review, was yet to be approved by the Board. The club had delayed approval of its business plan due to the then-pending decision of the club's possible relocation to Palm Meadows. We noted a decision has since been made that the club will not be relocating. GCTC's business plan covered all relevant elements of club operations including structure and management, sponsorship, market environment, membership, attendance, wagering and function revenue
- the club continually evaluated its performance at Board meetings. This included the presentation of detailed reports from each of the divisional managers including the club's Financial Controller, tote manager, bar and catering manager, operations manager, marketing and business development manager and the racecourse manager
- GCTC is currently in the process of developing the club's Financial Management Policies and Procedures to outline key processes and procedures in the financial area, including accounting treatments of transactions. We noted some of these have been documented as part of the club's Expense and Purchasing Policy and Procedures.

1.3.2 Financial Management

- GCTC has recently implemented a new membership system (Mailman), which stores all membership information previously maintained in an Access Database. We noted Mailman provides future capability for the club to send automated emails/mail to members
- despite a decline in its cash balances due to the loss incurred in the 2007/08 financial year from the Equine Influenza (EI) outbreak and increased spend in capital expenditures during the EI downtime, GCTC maintained its financial ratios within the healthy range
- the club experimented proactively in attracting younger audiences to become members of the club. For example, GCTC participated in a university orientation day offering a special pricing package, which attracted more than 25 new young members to the club
- GCTC conducts weekly stock-takes of its bar inventory each Monday following a race day. The club utilises a retail system (Future) which integrates the cash registers with inventory counts of bar stocks, allowing for timely reconciliation between sales and bar stock on hand
- race day profit-and-loss statements were not developed for the 2007/08 financial year. We noted that the club has intentions for race day profit-and-loss statements to be produced on a regular basis in the future

- *gate admissions were not reconciled against token counts or attendance records. Gate admissions (from Secutor Securities banked cash report) were only reconciled against cash sales amounts recorded by each token cashier. We performed a detailed analysis between gate attendances and actual gate takings for the 2007/08 and 2008/09 financial years to date and noted a number of instances where significant negative cash variances may have occurred and were not detected by the club. We were unable to confirm, however, if cash has been skimmed or stolen from the club, as attendance numbers may be inaccurate particularly on feature race days. Refer to Appendix C for more details.*
- large cash variances of more than \$3,000 occurred on major race days, particularly in the bar area. While this may appear to be immaterial when compared to the club's bar earnings on major race days, GCTC should investigate ways to reduce this variance such as to conduct "mystery shopper" programs on major race days to deter staff from committing fraud or theft
- the total cash variance in the tote area for the 2007/08 financial year is \$7,319 under. We noted the tote staff handbook did not include a threshold for an acceptable amount of variance on a race day. The tote handbook should be updated to include this threshold. GCTC should consider disciplinary steps for tote operators when they have exceeded the threshold
- the fixed assets register is currently maintained in a legacy version of MYOB. We noted that the register does not reconcile with GCTC's accounting system (Attaché). Consequently, the Financial Controller regularly has to perform general ledger adjustments to align the two systems. We also noted that MYOB does not allow depreciation rates to be changed, once these been assigned to a fixed asset item
- GCTC did not conduct regular stock-takes of its fixed assets. We acknowledge that each of the divisional managers is currently performing stock-takes, co-ordinated by the Financial Controller. In reviewing the fixed asset register, we noted that certain assets may not be easily located and identified from the register, particularly the television sets. The club is investigating the use of bar scanners to allow each asset item to be identified
- GCTC is undergoing a review of position descriptions for all full and part-time roles. As part of this review, GCTC should also ensure employment contracts are available and signed off for all relevant staff. We acknowledge that the club is aiming to achieve consistency in all personnel files, with clear records of qualifications such as first aid and fire safety
- while we acknowledge that the club has recently reviewed and updated its HR Policies and Procedures Manual, we noted that formal staff performance reviews were not a documented requirement. Staff performance reviews should be performed, whereby each staff member is assessed on their performance against measurable KPIs (key performance indicators) stipulated in the staff member's position description. This is particularly important for GCTC, as the club has encountered staff members not performing to their expected levels in the past. We noted performance reviews were done in the past but have since ceased
- GCTC did not have a documented credit card policy. While credit cards are only issued to four key staff members, a documented policy is essential to outline the delegation limits, appropriate use, and the authority and approval process for credit card statements
- the Financial Controller does not perform surprise counts of petty cash, which has a float of \$500. Surprise counts should be performed regularly to verify the balance of the petty

cash funds and deter the person responsible in managing the petty cash from committing fraud or theft

- *GCTC organised a charity day in March 2009, donating \$11,300 to the Red Cross for the Victoria bushfire and North Queensland flood victims. We noted however, GCTC did not obtain written approval from QRL prior to the club donating monies to charity. This is in breach of the provisions made in Section 112 of the Racing Act 2002, where a written approval from QRL is required prior to GCTC donating the amount*
- *we identified three GCTC employees who have accrued more than eight weeks of annual leave and four employees with more than ten weeks of long service leave. We also noted that long service leave was incorrectly setup in Attache, impacting on its accuracy. GCTC placed reliance on spreadsheets to calculate long-service leave provisions and entitlements*
- *No purchase orders are utilised by the club. Furthermore, GCTC has not developed its Quality Assured Suppliers list, which was being referred to in the Expense and Purchasing Policy for non-contract purchases. While GCTC has developed a contracts register, there may be other contracts, particularly at the operational level, which may not have been signed off by authorised persons such as the CEO.*

1.4 Engagement Rating

Based on the scope of our engagement, GCTC's performance relevant to corporate governance and finance operations has been detailed below. This rating is based on observations made during the engagement, and in some areas these observations may have been limited by the scope of the work performed. The rating is intended to assist QRL's senior management and the Audit Committee to focus on areas of greatest concern, and does not represent an "Assurance Conclusion" as defined by ASAE 3000.

Focus Area	GCTC 2009 (Current)	GCTC 2007	GCTC 2005
Corporate Governance			
Legislative Compliance	Yellow	Green	Green
Business Planning	Green	Yellow	Green
Internal Control Environment	Green	Green	Green
Risk Management	Green	Hatched	Hatched
Performance Evaluation and Review	Green	Green	Green
Finance Operations			
Financial reporting and accountability	Green	Green	Green
Club Funding	Green	Green	Green
Capital Expenditure	Green	Green	Green
Capital Assets	Yellow	Green	Green
Payroll	Yellow	Green	Green
Accounting Records	Green	Green	Green
Cash Collection and Disbursements	Yellow	Hatched	Hatched
Purchasing	Yellow	Hatched	Hatched

Green	A small number of compliance weaknesses/opportunities for improvement identified.
Yellow	Several compliance weaknesses of concern identified.
Red	Poorly controlled - significant weaknesses in compliance identified.

1.5 Acknowledgement

We wish to place on record our appreciation of the assistance and co-operation received from key representatives from the club and the management and staff of QRL.

1.6 Report Clearance

The contents of this report have been discussed and agreed with John Cameron (Chief Executive Officer) and Kevin Ahrens (Financial Controller).

1.7 Conclusion

Based on our review, which is not an audit, nothing has come to our attention to indicate that, in all material respects, internal controls over the corporate governance and financial management of GCTC are not appropriately designed, and have not operated effectively in accordance with the criteria set out in the terms of reference (Appendix J).

DELOITTE TOUCHE TOHMATSU

Carl Gerrard
Partner
Brisbane, June 2009

1.8 Management Response

<See attached management response and action plan from Kevin Ahrens – Financial Controller dated 30 April 2009>

2 Detailed Findings

2.1 Club Assessment – Gold Coast Turf Club

The following table contains the results from our assessment performed on the club and the subsequent findings and recommendations:

Area of Operation	Address (Yes/Part/No)	Observations
<i>Legislative Compliance</i>		
<p>The club has processes and procedures in place to ensure compliance with:</p> <ul style="list-style-type: none"> • Associations Incorporation Act 1981 • Australian Accounting Standards & IFRS • Racing Act 2002 • QRL's Financial Policy & Procedures Manual (FMPM) for clubs • Club's own Internal Policies & Procedures • Adherence to terms of Club's Constitution or Articles or Association. 	Partly	<p>During the 2007/2008 financial year, GCTC has:</p> <ul style="list-style-type: none"> • conducted monthly meetings in accordance with the club's constitution • prepared annual financial statements that were independently audited by a registered accountant • handled club membership in accordance with the club constitution. <p>While the club's business plan stated that the club has developed Financial Management Policy and Procedures in December 2008, we acknowledge this is currently still in development stage.</p> <p>The club also refers to QRL's FMPM for guidance.</p>
<p>The club is able to prove that each executive has forwarded a copy of their police certificate to QRL as per the Racing Act 2002.</p>	Partly	<p>Copies of the police certificates for 2008 were sighted for the Chairman of the Board, Deputy Chairman and the Treasurer. These have been submitted to QRL.</p> <p>We noted that no police certificate has been organised for the Chief Executive Officer (CEO) role.</p>
<p><i>The club complied with QRL's guidelines and requirements for the Equine Influenza Assistance Grant of \$200,000, including the preparation of supporting documentation to substantiate the club's spending in accordance with QRL's guidelines.</i></p>	Yes	<p><i>QRL on behalf of the Department of Agriculture, Fisheries and Forestry, provided the club with an Equine Assistance Grant totalling \$200,000. The objective of this funding scheme was to retain industry skills and training.</i></p> <p><i>GCTC's signed declaration included a breakdown of the expenditure spent by the club which included the training room for industry participants (\$209,554.81), improvements to male and</i></p>

Area of Operation	Address (Yes/Part/No)	Observations
		<p><i>female jockey rooms (\$41,000) and club staff training courses (\$7,406.13).</i></p> <p><i>The training room for industry participants is the same room named as the Director's Lounge. Discussion with the Financial Controller noted this room has been used for multiple purposes, including running training sessions on non-race days. The training room costs of \$209,554.81 were calculated at a quarter of \$838,219.26 (GST exclusive) which equals the tender cost submitted by GPH Projects. The quarter allocation was determined based on the size of the training room in comparison to the other rooms, calculated on the area square metre size.</i></p> <p><i>In the March 2008 Board meeting, the Chairman advised that after discussions with QRL, GCTC would be able to claim renovations for the First Aid Room and Jockeys Room as part of the \$200,000 grant. The CEO also provided an overview of the \$200,000 grant and advised that \$145,000 remains as a liability in the club's balance sheet. The Board meeting minutes stated that the Director's Lounge was previously considered as a Training Room and that no rental cost to QRL applied. The Financial Controller has prepared an acquittal in April 2009 of spending on CHAPS funding and submitted this to QRL. Written correspondence was kept on record between GCTC and QRL confirming the acceptable expenses that meet QRL's guidelines.</i></p> <p><i>We noted a report was made to the Board by the Financial Controller on 16 December 2008 to outline the final cost of the Director's Lounge. The total cost of the project is \$1,040,000, which is higher than the original approved estimate. No Board approval was obtained to approve additional costs prior to the work being performed, when the project cost exceeded the original estimate. This increase related to items not included in the original estimate including \$23,000 of TV's and \$16,000 of other fixtures and fittings. Consequently, the Financial Controller's report recommended the Board to approve the deferral of other capital expenditure projects until the 2009/10 financial year including the widening of horse walkway (\$100,000) and children's playground (\$35,000).</i></p>
<i>Business Planning</i>		
<p>The club has documented a club Business Plan and formal plans in place for Major Race Days.</p> <p>Determine when these plans were last updated and how often they are reviewed.</p> <p>If a formal business plan is not in place, determine</p>	Yes	<p>GCTC has developed a comprehensive business plan. This business plan covers the period from financial year-end June 2008 to June 2010. The plan was last updated in March 2009. There have been delays in approving the Business Plan as the club was awaiting confirmation from QRL regarding the possible club relocation to Palm Meadows. We noted that a decision has since been made to not relocate. At the time of our review, the business plan had not yet been reviewed and approved by the Board.</p>

Area of Operation	Address (Yes/Part/No)	Observations
what Strategic planning documentation is currently being utilised by the club.		
<p>All elements of club race operations have been examined when creating the business plan or other documentation including:</p> <ul style="list-style-type: none"> • racing administration (including insurance arrangements and risk management) • marketing & sponsorship • catering and bar trading (including inventory control) • facilities management (including maintenance) • member services including TOTE (if applicable) • the establishment of sub committees. 	Yes	<p>GCTC has included a range of elements of operations in their business plan. These included but are not limited to the following:</p> <ul style="list-style-type: none"> • structure and management of the club • sponsorships • market environment and performance • member subscriptions • attendance • wagering • functions <p><i>GCTC did not establish sub-committees.</i></p>
<p>The club's business planning process also covers:</p> <ul style="list-style-type: none"> • current and forward budgets (i.e. 1, 3 and 5 year forecast?) • capital expenditure schedule • risk management (SWOT analysis and rankings) • sponsorship & marketing • recruitment, retention & succession plans (Job descriptions, handover processes) • any proposed prize money increases. 	Yes	<p>The club's business planning process covers the following:</p> <ul style="list-style-type: none"> • risk management, including a SWOT analysis and business risk analysis • all relevant operational planning such as human resources and race management • sponsorship and marketing strategies <p>We noted the business plan did not outline the following:</p> <ul style="list-style-type: none"> • staff recruitment and retention plans. However, we acknowledge that staff retention has been identified as a critical success factor item in the business plan and has been discussed separately in the HR Policies and Procedures Manual • current and forward budget forecasts, including the capital expenditure schedule. However, we acknowledge that these were prepared independently, separate from the business plan.
Confirm that the Business Plan or other documentation is adequate for an organisation of this	Yes	GCTC's business plan covered the key elements of the club's operations. However it is suggested that the business plan incorporates and refers to other items which have been documented

Area of Operation	Address (Yes/Part/No)	Observations
size and turnover. Identify any areas for improvement.		separately, such as capital expenditure and forecast budgets, as well as staff retention and recruitment strategies.
<i>Internal Control Environment</i>		
<p>The club established and documented it's own <u>internal</u> policy & procedures for:</p> <ul style="list-style-type: none"> • human resources and recruitment (i.e. sexual harassment, responsible gambling & service of alcohol and staff/committee expenditure disclosure) • employment contract including privacy act, theft, conflicts of interest, etc • financial policies & procedures (i.e. inventory control, revenue and expense control, record keeping, committee expenses, travel expenses) • risk management (i.e. IT and data storage, facility management and conflict of interest). <p>Determine how the club monitors staff/volunteer compliance with these policies and procedures.</p>	Yes	<p>GCTC has a number of internal policies and procedures, including the following:</p> <ul style="list-style-type: none"> • Expense and Purchasing Policy and Procedures (updated November 2008) • HR Policies and Procedures Manual (updated December 2008). This incorporates sub-policies, including leave entitlements, health and safety, use of technology services, and sexual harassment • Risk Management Policy (draft) (updated February 2009) • Tote Operators Handbook (updated February 2007) • Tote Conduct Manual (updated April 2007) • Crisis Management (updated August 2007). <p>The club monitors compliance against these policies through supervision of staff by supervisors, and divisional managers. Employee induction is also used to inform staff members of these policies when they commence working at the club. We noted that GCTC has potential plans to hold an information session for all staff members as a refresher on the updated content in the HR Policies and Procedures Manual.</p> <p>GCTC has recently engaged KPMG to assist in the development of their risk management policy, which is to be approved by the Board in March 2009.</p> <p><i>Conflicts of interest policy for Board members is documented in GCTC's Board Meetings Procedures. We noted that Board directors typically leave the room during Board meetings when a conflict of interest is identified or declared by the relevant director(s).</i></p>
<p>The club staff and volunteers are aware of the volunteer workers' insurance policy.</p> <p>Financial management plans have been established to control the risk of the necessity for capital maintenance and improvement, depreciation and sinking funds arrangements, and Directors Liability</p>	Partly	<p>GCTC does not employ volunteers and therefore does not hold a volunteers insurance policy.</p> <p>Parts of the financial management plans are documented in the club's Expense and Purchasing Policy. This includes depreciation methodologies, amortisation, petty cash and capital expenditure processes. While the club's business plan stated that the club has developed a Financial Management Policy and Procedures in December 2008, we acknowledge that this is currently still</p>

Area of Operation	Address (Yes/Part/No)	Observations
<p>Insurance.</p> <p>Records of historical club data are backed-up and stored in an offsite location.</p> <p>Changes in club Treasurer are supported by formal Handover procedures and adequately recorded.</p>		<p>under development.</p> <p>Historical club records are stored electronically in Attaché. The data is backed up at an offsite location on a nightly basis by the payroll administration officer.</p> <p>There is no documented handover procedure for the role of treasurer, as the treasurer does not have an active role in the day-to-day management of the club. We acknowledge that the current Financial Controller returned to replace the preceding Financial Controller in the last financial year. However, no formal handover took place in this instance, as the new financial controller had previously been employed by the club.</p>
<i>Performance Evaluation and Review</i>		
Determine the number of times race meetings are conducted on a yearly basis.	N/A	GCTC conducted 47 meetings during the 2007/2008 financial year.
Determine the number of times the club conducts committee meetings within a yearly period.	N/A	We noted that the club conducted committee meetings at least once a month. The Board have also conducted additional special meetings, as required.
Budget variances are regularly reported and analysed.	Yes	<p>Budget variances are regularly reported and analysed. At each Board meeting the Board obtains a report from each of the following:</p> <ul style="list-style-type: none"> • financial controller • tote manager • catering manager • operations manager • marketing and business development manager • racecourse manager.
A copy of the club's Constitution/Articles of Association is made readily available to staff.	Yes	The club's constitution was available on site and made available to staff.
The club conducts committee meetings in accordance with their Constitution/Articles of Association.	Yes	The club's constitution stated that the Board shall conduct meetings as often as it deems necessary for the transaction of the business of the club. Further, the club's Board Meeting Procedures stated that Board members shall meet no less than once every month.

Area of Operation	Address (Yes/Part/No)	Observations
		We noted the club has conducted Board and special meetings at least once every month.
The Club Committee continually evaluates and reviews the operational and financial performance of their club against the strategies, actions and targets detailed in the business plan or to other documentation.	Yes	The Board continually evaluated operational and financial performance at each Board meeting. This included reports from key personnel on the performance of their respective areas against targets and budgets.
<p>Financial and statistical data is presented in committee meetings including:</p> <ul style="list-style-type: none"> • reports on race day operating performance • attendance levels • profit-and-loss statements with variance analysis to budget, balance sheets • debtors/creditors listings • information on the activities of committee members presented in committee meetings. 	Partly	<p>Financial and statistical data is presented to the Board by the following:</p> <ul style="list-style-type: none"> • financial controller • tote manager • catering manager • operations manager • marketing and business development manager • racecourse manager. <p>Information given by these representatives includes financial and statistical data such as:</p> <ul style="list-style-type: none"> • race day performance • attendance • profit and loss for each functional area of the club • track and racing information. <p>Debtors and creditors listings were not presented in Board meetings. We acknowledge aging of receivables is prepared by the accounts receivable officer and reviewed by the Financial Controller.</p> <p><i>We noted the Financial Controller identified \$34,000 in potential bad debts as reported in the March 2009 Board Meeting.</i></p>

Area of Operation	Address (Yes/Part/No)	Observations
<i>Financial reporting and accountability</i>		
The club provided QRL with an audited profit-and-loss statement and balance sheet within 90 days of the conclusion of each financial year.	Yes	The club provided QRL with an audited profit-and-loss statement and balance sheet within the required timeframe.
Annual financial and statistical data is disclosed to QRL using the established standardised templates and provided within the designated timeframe.	Yes	Annual financial and statistical data are disclosed to QRL using the established standardised templates and provided within the designated timeframe.
The club can readily find previous years' copies of their Financial Reports if required.	Yes	The club can readily find previous years' copies of their Financial Reports if required.
<i>Club Funding</i>		
<p>Obtain from QRL a RCTI summary and Tax Invoice summary by race meeting covering:</p> <ul style="list-style-type: none"> • payments to the club for administration and supplementary payments for club revenue and Prize money value add • additional QRL stewarding charges 	Yes	<p>Payments to the club from QRL could be traced through the club's accounting system (Attaché). These payments included QRL's administration subsidies, training track subsidies and barrier trial payments. Such payments are made to the club via EFT (Electronic Funds Transfer) to the club's bank account. We noted the Queensland Government also provides a training track subsidy of \$145,000 per annum to the club.</p> <p><i>GCTC also received \$200,000 as a grant from QRL to assist the club during the EI outbreak. These were recorded in the Accrued Expense liability account (Z818). Expenses including the \$41,000 spent on the jockey room renovation and the remainder of the \$200,000 grant was charged against this account. However, we noted that whilst the club has completed all building works, all expenses have yet to be fully deducted against the Accrued Expense liability account. There was a credit balance of \$159,000 at the end of 2007/08 financial year. The balance was not fully accrued as GCTC awaits confirmation from QRL to approve the club's spending from the funds of the grant. This issue was communicated to the Board in March 2008.</i></p> <p><i>We noted the Financial Controller has allocated segments of expenses against this account through the 2008/09</i></p>

Area of Operation	Address (Yes/Part/No)	Observations
<ul style="list-style-type: none"> • photo finish equipment fees and • bromides charges as expense to the club. <p>Where the club undertakes barrier trials, obtain a payment list for payments received from QRL.</p> <p>Verify that approved payments (i.e. Capital grants, training track subsidy, barrier trial payments) have been received and banked.</p>		<p><i>financial year. For example, \$25,000, \$33,500 and \$67,000 were debited from the remaining balance of this account in end of January, March and April 2009 respectively. During our review in May 2009, we noted there was \$33,500 remaining balance, which will be fully debited in May 2009 to bring the Accrued Expense liability account balance back to nil.</i></p>
<p>Verify and document how the payments to the club were accounted for within the club's system.</p> <p>Determine whether this process is consistently applied by the club.</p> <p>Select 1 or 2 race days (feature day) and track the flow of funds and identify account keeping for contributions made by sponsors.</p>	Partly	<p>Payments to the club are accounted for in Attaché by entering approved invoices for payment.</p> <p>Race day profit-and-loss statements were not available as this was no longer performed since the previous Financial Controller took on the role. During the audit, the race day profit-and-loss was developed for feature race days in 2008 and 2009. Discussion with the Financial Controller revealed that race day profit-and-loss statements will be produced regularly in future.</p> <p>We selected the Conrad Jupiters Magic Millions 2008 (moved from January 2008 to Easter 2008 due to EI) and Melbourne Cup 2008 (November 2008) and tracked the flow of funds, including the bar, catering, tote and gate admissions. Account keeping for contributions made by sponsors is included in the race day profit-and-loss statements.</p> <p>We also reviewed the race day cash variances accounts for 2007/08 and 2008/09 financial years to date and noted instances whereby large cash variances were found in the bar and tote reconciliations. This is particularly the case for major race days such as Magic Millions and Melbourne Cup where negative cash variances were incurred for more than \$3,000 (this is less than 1% of the total bar revenue of more than \$475,000).</p> <p>We noted an isolated instance of negative variances in tote reconciliation of more than \$3,000. Discussion with the Financial Controller revealed that this was caused by a tote staff error in keying in the wrong amount to the system in December 2008. The staff member has since been dismissed. We also noted a variance of more than \$2,600 in October 2008 caused by new trainees using the tote system in preparation for the Melbourne Cup.</p>
<p>Sponsorship Arrangements:</p> <p>Sight and summarise any</p>	Yes	<p>Sponsorship arrangements are kept in a single folder, including signed sponsorship contracts.</p> <p>The sponsorship register is maintained by the Financial Controller in conjunction with the Marketing Manager.</p>

Area of Operation	Address (Yes/Part/No)	Observations
<p>sponsorship arrangements and prepare a schedule capturing information on:</p> <ul style="list-style-type: none"> • Name of Sponsor, • Start and finish date of sponsorship arrangement, • \$ value of entire sponsorship pledge, • \$ contribution to Prize money, • \$ contribution to club, • \$ value of any in kind/other benefits under the arrangement, • any other terms contained within the arrangement. <p>Note: Contribution to Prize money + club + in kind / other = total pledge value of arrangement.</p>		<p>The register included analysis on the sponsorship agreement value and costs incurred by the club in providing tickets, hospitality and advertising to the sponsor. This provides the club with the amount of net worth of sponsorship after deducting the costs, and the percentage return on the sponsorship agreement. The net worth can be used as a basis for the club to negotiate better sponsorship deals in the future, with consideration to intangible benefits, such as free advertising provided to the club by a radio station.</p> <p>Major sponsors of GCTC include Magic Millions, Conrad Jupiters, Fosters Australia and Gold Coast FM.</p> <p>Refer to Appendix A for a copy of the sponsorship register.</p>
<i>Capital Expenditure</i>		
<p>All capital items (over \$2000) are purchased in accordance with the internal polices (i.e. Committee approved capital budget).</p> <p>Competitive bidding is used and documented by the club (i.e. 3 independent quotes for values in excess of \$5,000).</p>	<p>Yes</p>	<p>Capital items are purchased in accordance with the internal purchasing policy, and within the staff's delegated authority limits. A capital item is an individual item which exceeds \$2,000 in value and has a useful life of two years or more, as stipulated in the club's Expense and Purchasing Policy and Procedures.</p> <p>Delegation of authority limits are documented in the club's Expense and Purchasing Policy and Procedures.</p> <p>The Expense and Purchasing Policy and Procedures requires three quotes to be obtained by the club for all items greater than \$5,000 unless agreed to in writing by either the CEO or Financial Controller, and one of the Chairman, Deputy Chairman or Treasurer. We noted that the vendor selection and quote review process was documented in the Board meeting minutes. We selected two new capital assets purchased in the 2007/08 financial year and sighted multiple quotes obtained for these purchases.</p> <p><i>For a recent capital works project renovation of the Winners Room area (which includes the director's lounge), the</i></p>

Area of Operation	Address (Yes/Part/No)	Observations
		<i>capital works tendering process was conducted by Allan Griffiths Architects on behalf of GCTC. Allan Griffiths provided GCTC with three shortlisted tenders from three contractors and recommended GCTC to engage GPH Projects who provided the lowest tender cost in comparison to other tenders.</i>
The committee reviews and approves a detailed Capital Expenditure Budget on at least an annual basis.	Yes	A five year capital expenditure budget has been developed for the 2008/09 financial year and onwards by the Financial Controller. This was approved by the Board in May 2008, as documented in the Board meeting minutes.
The club maintains a fixed asset register for all capital items, which is regularly reconciled with the general ledger.	Partly	<p>The club utilises a legacy version of MYOB (1999) as its fixed assets register. However, we noted that the register does not fully reconcile with the General Ledger in Attaché. There are more than 1,400 fixed asset items recorded in the register.</p> <p>With MYOB being assumed to provide the more accurate data, the Financial Controller has made end-of-financial year adjustments in Attaché to match the asset balances to the fixed asset register balances.</p> <p>We noted plans to migrate all fixed asset data to Attaché's Asset Management module by July 2009.</p>
<p>Determine who approves proposed purchases of capital items with a value in excess of \$5,000 which are not included in the capital expenditure budget.</p> <p>Can capital purchases be readily ascertained for a period (i.e. Financial Year: the amount capitalised to budget)?</p>	Yes	<p>Capital expenditure greater than \$5,000 requires approval at a full Board meeting. We noted that these were documented in the Board meeting minutes. Subsequent to the approval at a Board meeting, the delegated authorities incur the expenditure. Delegations of authority limits are documented in the club's Expense and Purchasing Policy and Procedures.</p> <p>The policy also states that, "if the capital item was not forecast during the annual budget process, it must be approved by the relevant Sub-Committee or the full Board and added to the Capital Expenditure Budget prior to purchase". We noted that since November 2008, expenditure approval forms are completed and approval is required from the CEO/Chairman for large expenditures not taken into account in the approved budget. This approval process was previously done verbally during Board meetings.</p> <p>A business case, as appropriate, needs to be presented for all capital expenditure items of \$20,000 or more. A cost/benefit analysis, together with a "pay-back" period needs to be included. Discussion with the Financial Controller revealed that formally documented business cases are not usually put together, as business cases typically involve a verbal presentation in the Board meeting.</p> <p>New capital purchases during the year can be ascertained by running a report in MYOB to list all additions/disposals/modifications to asset items in the system.</p>
<i>Capital Assets</i>		

Area of Operation	Address (Yes/Part/No)	Observations
A policy is in place to differentiate between expenditure to be capitalised and those to be expensed.	Yes	The club's Expense and Purchasing Policy and Procedures document the differentiation between expenditure to be capitalised and expenditure to be expensed.
The entity uses computer software to account for capital asset additions, deletions, balances and depreciation. Determine whether depreciation is computer-generated and whether or not it is reviewed for accuracy.	Yes	The club utilises a legacy version of MYOB to maintain its fixed assets register. Depreciation is calculated in MYOB based on the depreciation method and rates entered into the system for each individual asset item.
Details of deeds, titles and substantiation in order, are readily accessible, properly prepared and recorded in the books, legally recorded and properly safeguarded.	Yes	Registration confirmation statements of land titles are readily accessible. Copies are kept at the club, with the originals kept by the club's solicitors.
Acquisitions originated by approved requisitions show: <ul style="list-style-type: none"> • item description • estimated cost • justification • accounts to be charged to. 	Yes	Capital asset acquisitions are typically discussed during Board meetings, with the item descriptions, estimated cost and justification documented in the Board meeting minutes. Copies of the invoices related to the asset items are filed in the club's office.
Quotations are obtained from suppliers prior to the appointment of a particular person or company.	Yes	The Expense and Purchasing Policy and Procedures document requires three quotes to be obtained by the club for all items greater than \$5,000 unless agreed to in writing by either the CEO or Financial Controller, and one of the Chairman, Deputy Chairman or Treasurer. We noted that the vendor selection and quote review process was documented in the Board meeting minutes.
Stock-takes of fixed assets are undertaken on a regular basis to	Partly	Stock-takes of fixed assets are currently being undertaken by each divisional manager, and co-ordinated by the Financial Controller. Prior to this, stock-takes were not conducted regularly. Regular stock-takes on a rolling basis

Area of Operation	Address (Yes/Part/No)	Observations
confirm the existence and state of each capital item.		<p>(per asset category) will be conducted in the future.</p> <p>We noted in our observation that certain fixed asset items may not be identifiable based on the information recorded in the fixed assets register. This is particularly the case for TV's where identical TV's are installed in various locations around the club. We noted that the club is investigating the possible use of barcode scanners to assist with the stock-takes and improve the quality of the data in the asset register.</p>
<p>When assets are to be depreciated:</p> <ul style="list-style-type: none"> • the depreciation policy is consistent from year to year • depreciation is fully funded • useful lives are reasonable • depreciation charges are discontinued when an asset or group of assets becomes fully depreciated • records are maintained of fully depreciated assets still being used. 	Yes	<p>Depreciation of each fixed asset item is calculated by MYOB based on the depreciation method and rates entered into the system. Discussion with the Financial Controller revealed that with the legacy version of the MYOB (1999), these depreciation rates cannot be modified once entered against an asset item. The depreciation rates are set based on a number of factors which affect the assets' useful lives such as the location (indoor/outdoor) of the asset. As a result, depreciation rates may differ between identical assets.</p> <p>Depreciation charges are discontinued when an asset or group of assets becomes fully depreciated.</p> <p>In the past, records were deleted of fully depreciated assets by the previous Financial Controller. Records are now maintained for fully depreciated assets, until the asset is no longer in use and is disposed of.</p>
<p>Changes to depreciation rates for fixed assets during the financial year are able to be readily identified and justified.</p> <p>Determine whether there has been any dumping/write-off of goods.</p>	Yes	<p>As noted above, depreciation rates cannot be modified once entered against an asset item in MYOB.</p> <p>No major assets have been dumped/written off during the 2007/08 financial year. We noted that a motor vehicle had been sold privately (Honda Accord Euro Luxury). This vehicle was provided to the previous CEO for business purposes.</p>
<p>Retrieve depreciation rates used by club for:</p> <ul style="list-style-type: none"> • a tractor • an irrigation system • stable accommodation 	Partly	<p>Depreciation rates used by the club are recorded against each fixed asset item in the MYOB fixed asset register. Whilst we acknowledge that a "Depreciation Schedule" is referred to in the Expense and Purchasing Policy and Procedures, the schedule had not been developed by the time of our review.</p> <p>The following depreciation rates were obtained directly from the fixed assets register:</p> <ul style="list-style-type: none"> • bar equipment: prime cost, ranging from 8% to 33% calculated daily or monthly depending on the asset

Area of Operation	Address (Yes/Part/No)	Observations
<ul style="list-style-type: none"> • air conditioning and upgrades • fencing • drainage • catering tents • bar refurbishments/upgrades • facility renovations. 		<ul style="list-style-type: none"> • racecourse motor vehicles: prime cost at 10-20% • marquees: prime cost 33.33% • tents: prime cost 20% • irrigation systems including sprinklers: prime cost 15-20% <p>We noted that assets depreciating daily were set up by the previous Financial Controller. Depreciation rates will be updated when the fixed asset register is migrated to Attaché's Asset Management module by July 2009.</p>
Insurance coverage on property and equipment is reviewed periodically for adequacy.	Yes	<p>Insurance coverage on property and equipment is reviewed annually by the club. Types of insurance included:</p> <ul style="list-style-type: none"> • QRL's public liability insurance • fidelity • directors and employees liability • property and equipment.
Adequate records (and information) are maintained for property under the control or custody of, but not owned by, the entity (i.e. with local councils).	Yes	All property is owned by the club, except the land used for the Equine Track. We noted that the club kept a copy of the 25-year lease agreement for the Equine Track with the Gold Coast City Council.
An analysis of capital expenditure incurred during the period is compared with the capital expenditure budget for each committee meeting.	Yes	Capital expenditure incurred during the period was compared with the budget during Board meetings.
<i>Payroll</i>		
<p>Internal policies relating to human resource management are formalised and adhered to.</p> <p>Where the club relies on</p>	Yes	<p>Detailed internal policies relating to human resource management are documented in the club's HR Policy Manual. The Remuneration Policy (HRP 130) was last reviewed in December 2008.</p> <p>The club does not rely on volunteers.</p> <p>All new employees are required to complete the Tax Declaration Form and complete an employee induction, which</p>

Area of Operation	Address (Yes/Part/No)	Observations
<p>volunteers, determine whether volunteers receive any reimbursement for services. Furthermore, confirm that payments made to a person over that of the approved reimbursement have applied the appropriate PAYE tax.</p>		<p>included relevant handbooks and checklists such as the staff handbook for Bar and Catering staff.</p> <p><i>Interviews to recruit new staff were performed by various senior managers or the CEO, depending on the position. For example, department managers are typically interviewed by the Financial Controller and the CEO, while other staff may be interviewed by the relevant department manager and supervisors. Based on the interview results, the CEO approves the recruitment of the selected candidate for the role and this is communicated to the Board in the Board meeting. The Board may be involved in the interview process for key positions such as the recruitment of the CEO and the Financial Controller.</i></p> <p><i><u>Employment contracts / agreements</u> - Employment agreements are to be signed off by both the employee and the CEO. We acknowledge that the club is aiming to achieve consistency in all personnel files, with clear records of qualifications such as first aid and fire safety. From the sample of employment contracts examined, we noted the contracts included provisions for prohibiting the acceptance of inducements (gifts, entertainment and other benefit). Certain contracts included provision of staff benefits such as vehicles and mobile phones.</i></p> <p><i>The CEO's contract commenced on 12 September 2008, with a five year term.</i></p>
<p>Payroll records can be viewed/analysed by cost centre/function area.</p> <p>Where the club relies on volunteers, any payments/donations for service made to organisations (i.e. Scouts) can be traced through the books.</p> <p>Written approval was obtained from QRL prior to the club making donations for charitable, benevolent, patriotic or special purposes.</p>	Partly	<p>Payroll records can be viewed and analysed by cost centre/function area, using Attaché.</p> <p>The club does not rely on volunteers.</p> <p><i>GCTC made donations to the Red Cross totalling \$11,300 made up of gate takings (\$4,300) and sponsorship payments for the 7 March 2009 race day (from 7 sponsors at \$1,000 each). This charity day was approved by the GCTC Board at the February 2009 meeting. GCTC as a general rule do not make donations to charities, other than those donated by GCTC staff members. Donations were recorded in the Sundry Raceday Expenses general ledger account 5415.</i></p> <p><i>Section 112 of the Racing Act 2002, states that:</i></p> <p style="padding-left: 40px;"><i>(2) The non-proprietary entity may apply amounts comprising its revenues and profits –</i></p> <p style="padding-left: 40px;"><i>(b) for a charitable, benevolent, patriotic or special purpose, if the application is under the relevant control body's written approval obtained before the entity applies the amounts.</i></p> <p><i>We noted GCTC did not obtain written approval from QRL prior to the club donating monies to charity.</i></p>
<p>Staff salary levels are comparable to the industry levels, staff numbers and staff allowances</p>	Yes	<p>Casual staff members are paid at award rates, with penalty rates paid on public holidays. All casuals sign a roster, which is then signed off by the supervisors and/or their Managers. We performed an analysis over the staff salary levels setup in Attaché's payroll module and nothing has come to our attention that the salary levels maintained by the club were excessive for casuals, executive and full time staff.</p>

Area of Operation	Address (Yes/Part/No)	Observations
<p>The club's organisational structure, including full-time staff numbers is reasonable, appropriate and adequate for the size of the club's operations.</p>	<p>Partly</p>	<p>Nothing has come to our attention to indicate the club's organisational structure, including full time staff numbers to be excessive for the size of GCTC's operations. We noted that the club hired one additional full-time role (non-race day functions manager) in the 2007/2008 financial year.</p> <p>Discussion with the Financial Controller revealed instances in the past whereby staff members had not performed to their expected levels, resulting in backlogs in processing administration tasks. While we noted that the HR Policy and Procedures Manual included guidelines for staff counselling and coaching, no formal staff performance reviews were conducted at the club.</p> <p>We acknowledge that the club is undergoing a review process to ensure that all full-time roles have position descriptions developed. The club should ensure that relevant measurable key performance indicators are included in these position descriptions. Further, GCTC should also ensure employment contracts are available and signed off for all relevant staff. We acknowledge that the club is aiming to achieve consistency in all personnel files, with clear records of qualifications such as first aid and fire safety.</p> <p><i>We noted in our review in May 2009, the Bar and Catering Manager and Racecourse Manager have left GCTC. Both positions have been filled, with a new Bar and Catering Manager recruited externally and the Assistant Racecourse Manager promoted internally to fill the Racecourse Manager position.</i></p>
<p>Staff allowances are monitored and reviewed for compliance with the club's staff allowances policy (if any).</p>	<p>Yes</p>	<p>Staff allowances included reimbursements of club-related business travel and entertainment expenses, as documented in the club's Expenses and Purchasing Policy and Procedures. Typically, such expenses are incurred through the corporate credit cards. Credit card statements are reviewed by the CEO, Financial Controller or the Chairman of the Board – depending on their availability. The Financial Controller also reviewed the transaction reports for the entertainment and travel expense general ledger accounts for reasonableness.</p> <p>Other staff allowances included the use of business mobile phones with 3-mobile and vehicles. <i>GCTC has established a Vehicle Use Policy and Staff Telephone Usage Policy to govern the acceptable use of vehicle and mobile phone for club purposes.</i></p> <p><i>The Vehicle Use policy states that the vehicle is available for personal use during the term of the employee's agreement, including occasional use by other persons (e.g. family members) for personal use. Unrestricted use is therefore prohibited. The Staff Telephone Usage policy states that private use should be limited and mobile phones should not be used for private purposes after work hours or on weekends. Both of these policies apply to all employees with access to vehicle or mobile phone.</i></p> <p><i>We noted the use of vehicle and mobile phone for the Financial Controller is subject to GCTC's Vehicle Use and Staff Telephone Usage policy, which was included as a provision as part of the Financial Controller's employment contract/agreement.</i></p>

Area of Operation	Address (Yes/Part/No)	Observations
<p><i>Club Committee's allowances including complimentary beverages and catering are monitored and reviewed for compliance with the club's staff allowances policy (if any).</i></p>	<p><i>Partly</i></p>	<p>Refer to Appendices E and F for an analysis of mobile phone charges and fuel expenses.</p> <p><i>Beverages and Catering</i> - On each race day, GCTC Board members and their guests are provided with complimentary food and beverages served in the Director's Lounge and the old Boardroom area (if not rented out for functions). Food and beverages are also supplied to winning owners/jockeys, existing sponsors and guests with potential sponsorship opportunities for the club.</p> <p>In addition, GCTC regularly hosts members' luncheons for selected members in the Board Room. Typically an average of 150 members attend this function. Discussion with the CEO noted the member luncheons have been reduced from 12 to 10 lunches per year to reduce costs.</p> <p>Consumption of food and beverages in both the Board Room and Director's Lounge are tracked using the Future retail system tills, similar to other areas in the club. These are separately recorded in the Boardroom Breakdown spreadsheet, which is then entered into the general ledger account 5356 (Refreshments and Catering – Board). Discussion with both the CEO and Financial Controller noted the need to record beverage and catering expenses that are consumed by the Board separately to those that are consumed by guests and club members.</p> <p>In the 2008/09 financial year up to April 2009, there is a total of \$68,866.62 of expenses recorded in this account. Further examination noted a number of months with significantly large expenses, including November 2008 (\$11,221.81) and January 2009 (\$19,335.54). The increased expense was primarily related to the Melbourne Cup Day on 4 November 2008, Boardroom members' luncheon on the 22 November 2008 race day and the Magic Millions Race Day on 10 January 2009.</p> <p>We noted the Chairman requested that he would like an exception to bring three people to lunch in the Boardroom on normal racedays after his tenure as Chairman had expired, instead of one guest as currently extended to previous Board members. This was approved by the Board in July 2007.</p> <p><u>Committee Expenses charged through the credit card</u> – We noted committee expenses charged through the credit card included:</p> <ul style="list-style-type: none"> • entertainment expenses • travelling expenses • fuel charges for club vehicles • other ad hoc purchases such as purchasing office supplies and gifts for departing staff. <p><u>Entertainment expenses</u> - The Expense and Purchasing Policy stated that all expenditure incurred by Board members, executives and staff must be associated with the official business of the club and be consistent with the goals and strategies as outlined in the club's strategic plan. Expenses incurred by the Board must be reasonable in nature and must be publicly defensible. They must not be partly or wholly private in nature. If any costs are incurred of a private</p>

Area of Operation	Address (Yes/Part/No)	Observations
		<p><i>nature they are to be reimbursed within 30 days of the expense being paid by the club.</i></p> <p><i>For common entertainment expense items, a general expenditure limit of \$100 per person is to be adopted. This is based on \$65 per person for food and \$35 per person for beverages. Where these amounts are exceeded and reimbursement sought, the Board must be satisfied that they can demonstrate to club members, and the control body that the level of the expense is justifiable and in the interest of the club.</i></p> <p><i>The following information and documentation is required in respect of Entertainment Expenses:</i></p> <ul style="list-style-type: none"> <i>• tax invoices are required to be kept</i> <i>• the names of the attendees are to be documented on the tax invoice or on a separate schedule</i> <i>• attendees should be split between Board members, club employees and guests</i> <i>• a description of the reason for the expenditure should be provided to support the function being business related.</i> <p><i>We selected random samples of entertainment expenses with values above \$1,000 including:</i></p> <ul style="list-style-type: none"> <i>• dinner at Sheraton Mirage with Gold Coast Tourism for \$2,171 on 12 October 2008, paid by the Chairman. Supporting documentation available for this was the credit card customer slip, with hand written notes that the function was attended by the CEO and Chairman with their guests.</i> <i>• lunch at Segnor Rossi Cantina in Benowa for \$1,973.50 on 30 November 2008 for staff Christmas party paid by the CEO. Supporting documentation available for this was the handwritten docket provided by the restaurant.</i> <i>• Benowa Tavern on 18 December 2008 for \$1,109.65 paid by the Racecourse Manager for department drinks and Christmas party. Supporting documentation available for this was the credit card customer slip, signed off by the Racecourse Manager</i> <p><i>No description for the expenditure and detailed schedule of attendee names were attached to the above transactions. Attendee names details are required by the Financial Controller to accurately allocate entertainment expenses for Fringe Benefit Tax (FBT) purposes.</i></p> <p><i>Travel expenses: The Expense and Purchasing Policy stated that interstate and international travel conducted by Board members or senior members of staff must be approved at a properly constituted meeting of the Board, prior to the travel date. Travel expenditure is to be supported by documentary evidence including tax receipts. A report on travel expenses is to be presented to the Board with a breakdown of expenditure incurred. Travel expenses are typically charged through the credit card charged to the general ledger account 6430.</i></p> <p><i>Except where it is specified in the contract of employment, expenditure should not be authorised where there is a component that is private/non-official in nature. Examples of expenses that are generally regarded as non-official</i></p>

Area of Operation	Address (Yes/Part/No)	Observations
		<p><i>include:</i></p> <ul style="list-style-type: none"> • <i>Non-official entertainment and travel costs (e.g. personal video hire fees and mini-bars)</i> • <i>Tips or gratuities (except where the employee is travelling on official business in a country where this is the custom)</i> • <i>Club membership fees (except approved airline travel club memberships).</i> <p><i>We identified a number of both interstate and international travels made by Board members, the CEO and managers, including:</i></p> <ul style="list-style-type: none"> • <i>an overseas trip to Penang, Malaysia by the Chairman in September 2007 to attend a race meeting at the Penang Turf Club. During his stay in Penang, there were numerous charges for room service and bar/lounge, on top of the standard room charges, all of which were paid by GCTC. We did not note any mention of the trip in the Board minutes and noted from discussions with the Financial Controller that reciprocal race arrangements exist between GCTC and Penang Turf Club and that bar/lounge expenses may relate to entertaining guests and other industry participants</i> • <i>an overseas trip to Singapore by Mr Andy Sims (Board director) as noted in the June 2008 Board meeting minutes. Gifts were received by Mr Sims from the Singapore Turf Club and these were considered as gifts to GCTC. Mr Sims did not have a GCTC credit card and it appears the trip was paid for personally by Mr Sims as part of his own business trip.</i> • <i>an overseas trip to Dubai by the previous CEO and Chairman in February 2007 to the Asian Racing Conference. Total expenses for 5 people were \$20,518.02 made up of \$17,112.60 of hotel costs and \$3,405.42 of meals. Hotel costs consisted of accommodation, mini-bar, food and beverages consumed while staying at the hotel. The trip was approved by the Board in the February 2007 and outcomes from the trip, including detailed breakdown of expenses were reported back to the Board in March 2007. Airfares to Dubai were free under the sponsorship agreement with the Emirates Airline.</i> • <i>an interstate trip to Double Bay, Sydney by Chairman in April 2007 amounting to \$2,490. This was paid for using credit card. However we noted no approval sign off was obtained on the credit card statement. In addition, this trip was not mentioned in the Board meeting minutes.</i> • <i>Attendance by Assistant Racecourse Manager at Racecourse Managers Conference in Melbourne on August 2007 was approved by the Board in July 2007.</i> • <i>Racecourse Managers Conference in August 2008 at Eagle Farm was approved by the Board in May 2008 for the Assistant Racecourse Manager and the Racecourse Manager.</i>

Area of Operation	Address (Yes/Part/No)	Observations																									
		<p><u>Approval of Board Benefits/Complimentaries</u></p> <p>While Board members are not required to approve Board related expenses and complimentaries provided to guests/members, we noted the relevant monthly expenses are reported to the Board in the Profit and Loss statements for each functional area (i.e. Bars, Catering, etc.). Discussion with the Financial Controller noted instances where the Chairman of the Board made queries on the level of expenses incurred in this account.</p> <p>The following is the total cost breakdown of entertainment, travel and Board/complimentary refreshments and catering expenses:</p> <table border="1" data-bbox="1240 539 1899 740"> <thead> <tr> <th></th> <th>FY0506</th> <th>FY0607</th> <th>FY0708</th> <th>YTD0809</th> </tr> </thead> <tbody> <tr> <td>Entertainment</td> <td>17,443</td> <td>18,125</td> <td>16,237</td> <td>12,185</td> </tr> <tr> <td>Travel & Conferences</td> <td>14,716</td> <td>44,172</td> <td>14,591</td> <td>3,539</td> </tr> <tr> <td>Refreshments & Catering – Board</td> <td>83,464</td> <td>84,095</td> <td>55,251</td> <td>68,866</td> </tr> <tr> <td></td> <td>115,623</td> <td>146,392</td> <td>86,079</td> <td>84,590</td> </tr> </tbody> </table>		FY0506	FY0607	FY0708	YTD0809	Entertainment	17,443	18,125	16,237	12,185	Travel & Conferences	14,716	44,172	14,591	3,539	Refreshments & Catering – Board	83,464	84,095	55,251	68,866		115,623	146,392	86,079	84,590
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<p>Accrued amounts of annual leave and long-service leave entitlements of staff were calculated accurately and the accrued leave balances are reasonable and not excessive.</p>	<p>Partly</p>	<p><u>Annual Leave</u> – Annual leave accrual is calculated using Attaché Payroll module.</p> <p>We noted three employees have accrued more than eight weeks of Annual Leave as at 25 May 2009, as follows:</p> <ul style="list-style-type: none"> • Stephen Andrews – 86.9 days or 17.38 weeks (\$28,475) • James Boyce (race day casual) – 347.29 hours or 9.14 weeks (\$6,882.02) • Bruce Noonan (race day casual) – 321.91 hours or 8.47 weeks (\$6,378.98) <p><u>Long Service Leave (LSL)</u> - Discussion with the Financial Controller and Payroll Officer revealed that the LSL accrual calculations in Attaché Payroll module are not set up correctly and therefore not calculating LSL accurately. As such, LSL accrual provision amounts are manually calculated by the Payroll Officer using a LSL calculation spreadsheet. For casual employees, an average of 5 hours per week of ordinary hours worked is used to estimate the LSL provision that should be made.</p> <p>A separate spreadsheet is utilised to calculate the actual LSL entitlement for an employee, as the actual ordinary hours worked need to be extracted from the legacy payroll systems (Sybiz DOS for 1993-1998 and Sybiz Visipay for 1998 to 2003, prior to Attaché being implemented in 2004).</p> <p>Based on the estimates made on the spreadsheet, the accrued LSL balances as at 30 June 2009 are as follows, with four employees well exceeding 10 weeks of LSL balance:</p> <ul style="list-style-type: none"> • Stephen Andrews – 95.26 days or 19.05 weeks (\$28,953.49). • Geoffrey Andrews – 121.24 days or 24.25 weeks (\$17,728.98). 																									

Area of Operation	Address (Yes/Part/No)	Observations
		<ul style="list-style-type: none"> • James Boyce – 64.95 days or 13 weeks (\$9,073.90). • Bruce Noonan - 64.95 days or 13 weeks (\$9,073.90). <p>None of the above employees have used their LSL entitlements.</p>
<i>Accounting Records</i>		
Bank account reconciliations are prepared and reviewed according to internal policies.	Yes	<p>Bank account reconciliations were prepared each month.</p> <p>The club is in the process of developing its Financial Management Policy and Procedures.</p>
Controls exist over miscellaneous receipts.	Yes	Miscellaneous receipts are typically received at the club's reception by the receptionist. Manual receipts are issued and the cash stored in the reception's cash tray. If there are no invoices attached to the cash receipt, manual receipts are entered into Attaché as a bank entry by the accounts payable or accounts receivable officers.
Aging of receivables is prepared and reviewed.	Partly	<p>Aging of receivables is prepared by the accounts receivable officer and reviewed by the Financial Controller on a regular basis.</p> <p>In reviewing the 2007/08 aging of receivables, we noted a total of \$519,301.97 in receivables, with the following breakdown:</p> <ul style="list-style-type: none"> •90 Days: \$144,728 (27%) •60 Days: \$201,523 (38%) •30 Days: \$180,825 (34%) <p>Discussion with the Financial Controller revealed that most of the aged receivables were related to function and sponsorship payments. These had not been followed up in a timely manner by the previous Financial Controller and accounts receivable officer. This may also be related to the lack of invoicing in a timely manner.</p> <p>We noted that the aged receivables breakdown has slightly improved in the 2008/09 financial year to date:</p> <ul style="list-style-type: none"> •90 Days: \$157,494 (31%) – we noted approximately \$111,000 is currently outstanding payment from QRL in relation to the cost sharing arrangements for the bee grass upgrade •60 Days: \$28,341 (5%) •30 Days: \$311,230 (62%) <p>The club should ensure that all invoices are submitted to customers/suppliers as soon as possible, and all receivables</p>

Area of Operation	Address (Yes/Part/No)	Observations
		followed up in a timely manner.
Reconciliations are prepared between the general ledger and subsidiary ledgers.	Yes	The general ledger and subsidiary ledgers are reconciled automatically in Attaché and are reviewed monthly by the Financial Controller and accounts payable or accounts receivable officers.
Function revenue is reconciled with the number of attendees and function agreements.	Yes	<p>Function revenue is reported by the Bar and Catering Manager to the Financial Controller, and is used to perform the cash reconciliation.</p> <p>Certain functions hosted at the club are pre-paid or charged at fixed rates. As such, the actual number of attendees regularly varies from the planned numbers.</p>
Gate admissions are reconciled with token counts.	No	<p><i>Gate admissions (from Secutor Securities banked cash report) are reconciled with cash sales amounts recorded by each token cashier. However, with cash trays being used at the gates, variances regularly occur, particularly on feature race days. We noted that three entry points are opened on feature race days, including:</i></p> <ul style="list-style-type: none"> •the main gate entrance for all patrons (using tokens and turnstiles) •middle gates for members only (member badges required to be shown to gain entry with manual clicker used to count the number of members passing through) •southern gate entrance for patrons arriving in taxis, limos and buses (using portable turnstiles with no tokens). Manual clickers are utilised in this gate. <p>The club is investigating the use of cash registers at the main gate entrance to better account for gate admissions in the future. Furthermore, the club currently relies on the gate supervisor to use the electronic clickers to keep count on the number of members and their guests coming through the gates. As this may not provide an accurate count on larger crowds during feature race days, the club is investigating the use of swipe cards in the long run, to accurately record member attendances at race days. This also provides the club with the potential to introduce club loyalty programmes with other businesses on the Gold Coast.</p> <p><i>From our detailed review in May 2009, we noted gate admissions were not reconciled against token counts/attendance records. Cash variances that were identified and recorded in the general ledger related only to the variance between the sales records reported by the token cashier against the Secutor Securities banked cash report. We performed an analysis between gate attendances and actual gate takings for the 2007/08 and 2008/09 financial years to date and noted a number of instances where significant negative cash variances may have occurred and were not detected by the club. However, we are unable to confirm if cash has been skimmed or stolen, as the validity of the attendance numbers is questionable on feature race days.</i></p>

Area of Operation	Address (Yes/Part/No)	Observations
		<i>Refer to Appendix C for an analysis of gate takings against attendance numbers.</i>
Bookmakers' fees are reconciled with race day books.	Yes	Bookmaker fees are entered into Attaché based on the invoices issued by the bookmakers to the club. These are reconciled using a spreadsheet that recalculates the bookmaker fees based on the agreed bookmaker fielding rates, and turnover stated in the invoices. The club relies on the QRL betting supervisor to ensure that the bookmakers' turnover takings are accurate and complete.
Accruals are reversed or adjusted out correctly and timeously, and are appropriately used. Determine how often the club accounts for Depreciation expense.	Yes	Accruals are reversed and adjusted out at the end of each month. Depreciation expense is entered into Attaché at the end of each month as a general ledger entry. The total amount of depreciation expense is obtained from the MYOB report, where the depreciation for each asset item is automatically calculated.
Asset revaluations are periodically performed.	Yes	Land, tracks, building, fences and drainage were valued by an independent valuer (AON Valuation Services) on 30 June 2007, as noted in the club's audited financial statements 2008 in Note 12. However, as the club records its assets at historical cost, this has not resulted in an asset revaluation in the club's accounting records.
Balance Sheet reconciliations are performed and reviewed for reasonableness of remaining balances. The Business Activity Statement correctly reflects input tax credits/offsets that are flowing through the club.	Yes	Balance sheet reconciliations are performed each month by the Financial Controller. This includes a review of account transactions during the month for reasonableness. Nothing came to our attention that the club's Business Activity Statements do not correctly reflect the amount of GST account balances in MYOB and the manual BAS preparation calculations and input tax credits/offsets, based on system reports from the Attaché.
Identify any circumstances where another GL account could be set up to better identify a type of revenue or expenditure.	Partly	The club has set up accounts for each area or department within Attaché. These are prefixed by a numerical code denoting what area of GCTC operations the account relates to. The club has two accounts which could be removed from the chart of accounts (in the 2008/09 financial year chart of accounts): <ul style="list-style-type: none"> • "5185 DO NOT USE – see 3187 AdvProm" • "5196 DO NOT USE – 3186 Adv & Prom" As discussed with the Financial Controller, these accounts are intended to be removed by the next financial year-end.

Area of Operation	Address (Yes/Part/No)	Observations
<p>Management accounts are reconciled to the GL and include:</p> <ul style="list-style-type: none"> • actual trading information, compared with the approved Trading Budget • key performance indicators compared with budget, last years actual figures and recent trends • detailed analysis as to reasons for significant variances of each revenue, expense and key performance indicator compared with budget • a listing and analysis of committee expense incurred is performed. 	Yes	<p>Actual trading information compared with trading budgets is discussed during Board meetings. This includes other key performance indicators such as revenue from the bar and catering areas, and non-race day patronage and revenue.</p> <p>Analysis as to reasons for significant variances for revenue, expense and other key performance indicators is also discussed during Board meetings.</p> <p>Committee expenses are typically charged out to the credit cards. Refer to the Cash Collections and Disbursements section of this report below for more details.</p>
<i>Cash Collection and Disbursements</i>		
<p>Responsibilities for preparing bank Account reconciliations are segregated from other cash receipt or disbursement functions.</p>	Yes	<p>Bank account reconciliations are performed by the Accounts Payable/Receivable Officer, and reviewed by the Payroll Administration Officer and Financial Controller.</p> <p>Cash receipts are typically performed by the receptionist. The Accounts Payable/Receivable Officer is responsible in entering the receipts into the system. However, we noted that the Payroll Administration Officer may also receipt cash if the receptionist is away.</p>
<p>Bank accounts are reconciled by an employee who does not sign cheques, handle or record cash.</p>	Yes	<p>Bank reconciliations are performed by the Payroll Administration Officer and reviewed by the Financial Controller on a monthly basis.</p> <p>As stated above, the Payroll Administration Officer may handle cash receipts on behalf of the receptionist. However, the Payroll Administrator is not a cheque signatory and only has access to partially authorise EFT payments.</p>
<p>Regular spot-checks are performed on cash and revenue collected from</p>	Yes	<p>Each till is reconciled after each race day or function by the area supervisors. On major race days such as the Conrad Jupiters Magic Millions, cash is collected multiple times throughout the day, including the final collection at the end</p>

Area of Operation	Address (Yes/Part/No)	Observations
bar & catering.		<p>of the day. On other race days, cash is only collected at the end of the race day.</p> <p>Cash collected is reconciled against till reports by the club. This is also reconciled against the cash collector's (Secutor Securities) report at the end of the day.</p>
Cash is regularly collected from the tills and reconciliation is performed throughout the race day.	Yes	As above – only on major race days.
<p>Cash collections are reconciled to:</p> <ul style="list-style-type: none"> • tape (bar and catering), • tote system printouts (TOTE) • token counts (gate takings), <p>Any discrepancies are investigated before banking.</p>	Partly	<p>Cash collections from the different areas are reconciled as per below:</p> <ul style="list-style-type: none"> • bar and catering cash collected is reconciled against bar and catering till tapes and system printouts from the Future Retail System • tote cash collected is reconciled against tote system printouts, with variances identified for each tote operator. This allows each operator's performance to be monitored <p>Discrepancies are investigated before banking, with variances recorded in the general ledger accounts established for each functional area. We reviewed the cash variances from the 2007/08 and 2008/09 financial years to date, and noted that on major race days, the club incurred cash variances of more than \$3,000 from the bars and \$200 from the gates. There were minimal variances in the catering area.</p> <p><i>Cash variances from the gates area may have been understated as variances that were identified and recorded in the general ledger related only to the variance between the sales records reported by the token cashier against the Secutor Securities banked cash report. We noted gate admissions were not reconciled against token counts/attendance records. Refer to Appendix C for an analysis of gate takings against attendance numbers.</i></p> <p>We noted an isolated instance of a negative variance in tote reconciliation of more than \$3,000. Discussion with the Financial Controller revealed that this was caused by a tote staff error in keying in the wrong amount to the system of approximately \$3,000 in December 2008. The staff member has since been dismissed. We also noted a variance of more than \$2,600 in October 2008 caused by new trainees using the tote system in preparation for the Melbourne Cup.</p> <p>It is recommended that the GCTC includes an acceptable variance threshold in the Staff Tote Handbook to formalise the consequences of breaches, when a tote operator incurs a material variance at the end of a race day (such as through the issuance of written warnings).</p>
<i>Bar stock-takes are performed at the end of each race day. Total bar stock sold on the day is reconciled</i>	Partly	<i>The club operates a retail software system called Future which records inventory sales and stock movements on race days and register revenue information. Bar stock takes are performed each Monday by either the Bar Operations Officer or a casual staff member to account for all stock movements during the week. Reconciliation of the bar stock</i>

Area of Operation	Address (Yes/Part/No)	Observations
against the total bar revenue.		<p>levels against the Future retail system report on bar sales is performed by the Bar and Catering department staff, including accounting for any wastage and discrepancies. Discussion with the Bar and Catering Manager noted future plans to train all bar and catering staff to use the Future retail system to reduce key person risk. GCTC should ensure segregation of duties is maintained in performing the stock take. The employee who performs the stock take should not be responsible in keying in the stock take results into the system.</p> <p>Bar and Catering Trading Reports are prepared for each race day to report on the financial performance of the bar and catering operations. The Financial Controller relies on information from these reports as inputs to the Attaché finance system for the bar and catering sales figures. The data entered into the Bar and Catering Trading Reports are based on a number of sources:</p> <ul style="list-style-type: none"> • Catering Cash Summary spreadsheet, which provides the total sales amount made in each function area • staff pay costing report generated by the Finance department, which provides direct labour costs • Future retail system reports, which provide the cost of sales, based on stock movements recorded from the weekly stock take results • gate attendance records, which provide the number of patrons. <p><u>Bar/catering profit margins</u> - We noted an average profit margin of 47% over sales from the analytics we performed over the monthly bar sales profit margin in the 2007/08 and 2008/09 financial years to date (note that the profit margin did not take into account overhead costs). Overhead costs are applied in the Profit and Loss statements for the bar and catering area, where invoices made by the bar/catering area are recorded as expense items and other general club overheads are allocated arbitrarily such as electricity. We also noted 2 out of 22 instances where the profit margin is less than 30% in the catering area for October 2007 and January 2008. This appears to have been caused by the following:</p> <ul style="list-style-type: none"> • January 2008: two race days in January 2008 were wet and windy • October 2007: decline in attendance was due to EI. <p>While the bar revenues were significantly reduced in these periods, GCTC maintained the bar profit margin levels within the expected levels. Refer to Appendix D for an analysis of bar and catering profit margins.</p> <p><u>Minimum stock levels</u> - The club did not formally maintain minimum stock levels. Discussion with the Bar and Catering Manager noted this functionality is available in the Future retail system, but has not been utilised. The club attempts to maintain approximately \$90,000 of total inventory each month, which will vary with operational requirements to meet demand on feature race days or other functions.</p>
Petty cash is only used for	Yes	Petty cash is used for miscellaneous purchases of goods and services. The club imposes a limit of \$100 where

Area of Operation	Address (Yes/Part/No)	Observations
purchases of goods and services where the total cost does not exceed \$50.00.		possible. However, this limit may be exceeded if needed.
Delegated staff members are given the responsibility for safeguarding and accounting for petty cash. Petty cash is verified by surprise counts (at any time coins + cash = float).	Partly	The receptionist is responsible for managing and safeguarding the petty cash tin. This tin has a float of \$500. Petty cash was not regularly verified by surprise counts by the Financial Controller.
Petty cash reimbursement forms are used to initiate the purchase of petty cash items.	Yes	Petty cash reimbursement forms are completed and signed when withdrawing money from the petty cash tin. Withdrawals from petty cash require approval from the relevant staff with sufficient delegated authority limits, such as divisional managers.
All reimbursement forms are accompanied by corresponding receipts. Confirm reimbursements are explainable and legitimate race club expenditure.	Yes	Petty cash reimbursement forms are accompanied by corresponding receipts, maintained by the receptionist. Nothing has come to our attention in reviewing the petty cash reimbursements from the 2007/08 financial year that reimbursements were used for illegitimate non-race club expenditures.
All invoices received from vendors are filed in a central location, such as the accounting department.	Yes	Invoices received from vendors are filed in the club's administration office.
Dual signatures are required for cheques and EFT (<i>Electronic Funds Transfer</i>) payments	Yes	Dual signatures are required for cheques. Cheque signatories include the Financial Controller, Payroll Officer, CEO, club Treasurer and the Chairman of the Board. <i>EFT payments require dual authorisation by authorised staff with access to the Westpac online bank account. Access to the account was made available to the Payroll Administrator, Accounts Receivable Officer, Financial Controller and the CEO. Discussion with the Financial Controller noted either combination of these staff members may fully authorise EFT payments. This is required to allow EFT payments to be processed if both the CEO and the Financial Controller are absent.</i> <i>There is a control mitigating this in the monthly bank reconciliation process, where all EFT payments are reviewed</i>

Area of Operation	Address (Yes/Part/No)	Observations
		<i>by the Financial Controller subsequent to the EFT payment being made. Furthermore, transaction reports of the club's cash at bank general ledger accounts are presented to the Board each month.</i>
<i>Adequate system controls in the form of user access privileges have been set up in the club's accounting system</i>	<i>Partly</i>	<p><i>The following employees have access to Attaché's accounting books:</i></p> <ul style="list-style-type: none"> • <i>ANN - Accounts Receivable officer</i> • <i>BRANKA – Accounts Payable officer</i> • <i>DARREN - previous Financial Controller who has left GCTC</i> • <i>GUEST – used by the system vendor (Attaché) to provide support and maintenance</i> • <i>JILLH – Payroll Officer</i> • <i>KEVIN – Financial Controller</i> • <i>MICHELLE – Receptionist (limited access)</i> • <i>SUPERVISOR – used by the system vendor (Attaché) to provide support and maintenance</i> • <i>VICKI – previous Accounts Receivable officer</i> <p><i>The following employees have access to Attaché's payroll books:</i></p> <ul style="list-style-type: none"> • <i>ANN - Accounts Receivable officer (provides backup to the Payroll Officer if she is away)</i> • <i>DARREN - previous Financial Controller who has left GCTC</i> • <i>GUEST – used by the system vendor (Attaché) to provide support and maintenance</i> • <i>JILLH – Payroll Officer</i> • <i>KEVIN – Financial Controller</i> • <i>SUPERVISOR – used by the system vendor (Attaché) to provide support and maintenance</i> • <i>VICKI – previous Accounts Receivable officer</i> <p><i>We noted not all of the above listed staff members require access to both modules of Attaché. During our review in May 2009, we noted all system access privileges to user accounts DARREN and VICKI has been removed. GCTC should liaise with Attaché to determine if the GUEST and SUPERVISOR accounts may also be removed.</i></p>
Adequate segregation of duties	Yes	No purchase orders are utilised by the club.

Area of Operation	Address (Yes/Part/No)	Observations
<p>exists with regard to:</p> <ul style="list-style-type: none"> • controlling blank purchase orders • placing orders with vendors (including preparation of purchase order) • receiving • approving vouchers for payment • processing approved vouchers • disbursements. 		<p>Orders are placed to vendors by the bar and catering manager and other divisional managers.</p> <p>The receipt of goods is also performed by the relevant managers, as stipulated in the Expense and Purchasing Policy and Procedures. Items received are to be checked against the delivery docket/invoice and compared to the original purchase order for quality and quantity. The invoice is signed off and passed on to the Financial Controller for payment.</p> <p>Payments are approved by divisional managers as evidenced by the physical sign-off on the invoice. Payments that exceed the delegated authority limits are escalated to the CEO or the Board for approval.</p> <p>Approved payments are entered into Attaché by the administration staff. Payments are automatically made through the weekly EFT run process for suppliers.</p>
<p>A register is maintained of corporate credit cards, with documented policy, delegation limits and review/approval process of credit card transactions.</p> <p>Credit card statements are reviewed and approved for appropriateness in a timely manner.</p>	Partly	<p>Credit cards are issued to the Chairman, CEO, Racecourse Manager and the Financial Controller. We noted the following to be the delegated credit card limits allocated to each Executive:</p> <ul style="list-style-type: none"> • Chairman of the Board - \$30,000 • CEO - \$10,000 • Racecourse Manager - \$5,000 • Financial Controller - \$2,000 <p>The club did not have a documented policy in regard to the acceptable use of credit cards, delegated limits and the review/approval process of credit card statements. The Chairman's limit seems very high.</p> <p>In practice, credit card statements are reviewed amongst the executives. For example:</p> <ul style="list-style-type: none"> • the CEO reviews and approves the Financial Controller's and Racecourse Manager's credit card statements • the Financial Controller reviews and approves the CEO's and Chairman's credit card statements • the Chairman reviews and approves the CEO's statements. <p>In reviewing the credit card statements, we noted that credit card statements are signed off by the credit card holder, and also the reviewer, for approval for payment. The relevant invoices and supporting documentation are attached to the statements.</p>

Area of Operation	Address (Yes/Part/No)	Observations
		<p>However, we noted that some statements have not been signed by both the credit card holder and the reviewer. Whilst the credit card statement has been paid by the club, we noted the lack of sign-off may be related to the lack of availability of the Chairman to approve and sign off while on site. The Financial Controller acknowledged that this process should be improved in the future, to ensure credit card statements are reviewed and approved consistently, in a timely manner.</p>
<p><i>The club maintains a sound cash banking and investment structure, with the Board's involvement and approval to changes in the structure and where the cash is banked.</i></p>	<p><i>Yes</i></p>	<p><i>GCTC has four bank accounts with Westpac. The accounts and balances as at 27 May 2009 were as follows:</i></p> <ul style="list-style-type: none"> <i>• Cheque account: \$144,504</i> <i>• Maxi Direct account: \$4,636 (earning higher interest than the cheque account)</i> <i>• Maxi Bonus Business account: \$610,293 (earning higher interest than the cheque account)</i> <i>• Term deposit for 4 months, maturing in September 2009: \$1,200,000.</i> <p><i>The bank accounts structure and cash balances are managed by the Financial Controller. From examination of the Board minutes, we noted the Board is also involved with managing the investment and account structures.</i></p>
<p><i>The club has documented policies and procedures in place for purchasing and tendering.</i></p> <p><i>Contracts are signed by delegated authorities in accordance with its constitution. The club reviews contracts on a regular basis in accordance with its policies and procedures.</i></p> <p><i>The club performs a cost benefit analysis when determining whether to provide services in-house or outsource to contractors. The Committee is involved in making informed decisions on outsourcing.</i></p>	<p><i>Partly</i></p>	<p><i>Policy and procedures</i> - <i>The club's Expense and Purchasing Policy and Procedures did not include a formally documented contract tendering procedure in place. 3 quotes are to be obtained for all items greater than \$5,000 unless agreed to in writing by either the CEO or FC and either the Chairman, Deputy Chairman or Treasurer.</i></p> <p><i>Non-contract purchases are to be sourced through the club's "Quality Assured Suppliers" list. Discussion with the Financial Controller noted this list has not yet been developed and that non-contract purchases are made based on the club's relationships and supplier's performance on past transactions.</i></p> <p><i>No purchase orders are utilised by the club.</i> <i>As such, in general, purchase order approvals are obtained informally prior to making the purchase. Sign-offs are typically obtained on the supplier invoice after the purchase has been made. Departmental Managers are responsible for the authorisation of purchases that fall within their scope of control, providing those purchases fall within the limits documented in the club's Expense and Purchasing Policy and Procedures, including:</i></p> <ul style="list-style-type: none"> <i>• Decision made at full Board meeting – Unlimited</i> <i>• CEO - \$10,000</i> <i>• Financial Controller - \$5,000</i> <i>• Divisional Managers - \$5,000 subject to CEO approval using an expenditure approval form</i>

Area of Operation	Address (Yes/Part/No)	Observations												
		<ul style="list-style-type: none"> • Any two of: CEO; Financial Controller; or Divisional Manager - \$20,000 • Any two of: CEO; Financial Controller; or Divisional Manager and any one of: Chairman; Deputy Chairman; or Treasurer - \$100,000 <p><i>For expenses relating to the direct costs of sales such as food and beverages, the following delegation of authority limits apply:</i></p> <ul style="list-style-type: none"> • Food and Beverage Manager - \$20,000 • Any two of: Food and Beverage Manager; CEO; or Financial Controller - \$50,000 • Any two of: Food and Beverage Manager; CEO; or Financial Controller and any one of: Chairman; Deputy Chairman; or Treasurer - \$100,000 <p><i>When expenditure is within these authority limits, approval can be obtained from another delegated officer. If expenditure exceeds these limits, approval must be obtained prior to the expense being incurred from an officer whose delegated authority limit exceeds the expenditure amount.</i></p> <p><i>Beverages were sourced from a set group of suppliers that the club has entered into contractual agreements with. These included Coca Cola, Samuel Smith & Sons and Fosters. We noted \$23,178 (excl GST) of purchases was made from Castlemaine Perkins in 2008/09 financial year. GCTC did not have a contract with Castlemaine Perkins.</i></p> <p><i><u>Contracts</u> - A contracts register was developed in 2008. The register includes all contracts between GCTC and its suppliers. The club's Expense and Purchasing Policy and Procedures states that all leases, contracts and agreements requiring the club's common seal to be affixed to the documents are governed by Section 25 of the club's Constitution which provides that the Chairman and any one of the Director; CEO; or a representative appointed by the Board for that purpose, are the only persons authorised to sign documents to which the seal is affixed.</i></p> <p><i>We examined the following contracts/agreements, all of which were signed by authorised persons according to the club's constitutional requirements above:</i></p> <table border="1" data-bbox="745 1177 2136 1490"> <tbody> <tr> <td data-bbox="745 1177 936 1305"><i>Trackside Photography</i></td> <td data-bbox="936 1177 1220 1305"><i>Photographic rights on race days</i></td> <td data-bbox="1220 1177 1534 1305"><i>3 years (1 Jan 09 to 31 Dec 2011)</i></td> <td data-bbox="1534 1177 2136 1305"><i>GCTC is entitled to use all photographs for advertising and promotional purposes and receives \$1,285+GST each month</i></td> </tr> <tr> <td data-bbox="745 1305 936 1433"><i>Prime TV</i></td> <td data-bbox="936 1305 1220 1433"><i>Sponsorship rights</i></td> <td data-bbox="1220 1305 1534 1433"><i>2 years (1 Jul 07 to 1 Jul 2009)</i></td> <td data-bbox="1534 1305 2136 1433"><i>Sponsorship of \$11,000 per annum in return for \$8,000 per annum worth of advertising with Prime TV</i></td> </tr> <tr> <td data-bbox="745 1433 936 1490"><i>HTP Security</i></td> <td data-bbox="936 1433 1220 1490"><i>Security services</i></td> <td data-bbox="1220 1433 1534 1490"><i><1 year</i></td> <td data-bbox="1534 1433 2136 1490"><i>Signed by the Chairman, witnessed by the CEO</i></td> </tr> </tbody> </table>	<i>Trackside Photography</i>	<i>Photographic rights on race days</i>	<i>3 years (1 Jan 09 to 31 Dec 2011)</i>	<i>GCTC is entitled to use all photographs for advertising and promotional purposes and receives \$1,285+GST each month</i>	<i>Prime TV</i>	<i>Sponsorship rights</i>	<i>2 years (1 Jul 07 to 1 Jul 2009)</i>	<i>Sponsorship of \$11,000 per annum in return for \$8,000 per annum worth of advertising with Prime TV</i>	<i>HTP Security</i>	<i>Security services</i>	<i><1 year</i>	<i>Signed by the Chairman, witnessed by the CEO</i>
<i>Trackside Photography</i>	<i>Photographic rights on race days</i>	<i>3 years (1 Jan 09 to 31 Dec 2011)</i>	<i>GCTC is entitled to use all photographs for advertising and promotional purposes and receives \$1,285+GST each month</i>											
<i>Prime TV</i>	<i>Sponsorship rights</i>	<i>2 years (1 Jul 07 to 1 Jul 2009)</i>	<i>Sponsorship of \$11,000 per annum in return for \$8,000 per annum worth of advertising with Prime TV</i>											
<i>HTP Security</i>	<i>Security services</i>	<i><1 year</i>	<i>Signed by the Chairman, witnessed by the CEO</i>											

Area of Operation	Address (Yes/Part/No)	Observations			
		<i>(1 Apr 2008 to 20 Jan 2009)</i>			
		<i>Fosters Australia</i>	<i>Bar beverages supply</i>	<i>5 years (in negotiation)</i>	<i>Agreement is currently being negotiated with Fosters Australia</i>
		<i>Carolyn Frost (trading as Tie the Knot)</i>	<i>Racing supplies</i>	<i>3 years (1 Dec 2007 to 30 Nov 2010)</i>	<i>Tie the Knot operates from GCTC premises and pays GCTC royalty fees for selling club merchandise. GCTC receives annual payment of more than \$10,000 per annum for the shop licence fee</i>
		<i>Samuel Smith & Sons (Yalumba)</i>	<i>Sponsorship rights</i>	<i>3 years (1 Jan 2008 to 31 Dec 2010)</i>	<i>Sponsorship is in the form of both stock and cash at \$18,100 and \$19,300 per annum respectively</i>
		<i>Queensland Farmers' Markets</i>	<i>Sunday Market at GCTC</i>	<i>2 years (1 Sep 2008 to 31 Aug 2010)</i>	<i>GCTC is entitled to receive 22% of the gross stallholders' rental charges</i>
		<p><i>Contract review process</i> - <i>Contracts were traditionally reviewed and managed by the respective departmental managers. Discussion with CEO noted operational level contracts may not be signed off by authorised persons such as the CEO. GCTC should identify all contracts entered into by the club at all levels and ensure this is centrally recorded in the contracts register.</i></p>			
		<p><i>Refer to Appendix G for the listing of all creditors and suppliers to GCTC in the 2008/09 financial year to date.</i></p>			

2.3 Sample Transaction Testing

As part of the agreed scope, the appropriateness, in terms of classification and size, of various transactions was assessed. The table below indicates the general ledger accounts observed and the assessment of the appropriateness or otherwise of the transactions comprising the general ledger accounts:

<p>A sample of transactions was examined for the accounts listed below, with a view to assessing whether any transactions or amounts were unusual. Specific accounts investigated include:</p> <ul style="list-style-type: none"> • Repairs and Maintenance • Legal/Consulting fees • Advertising/Promotion • Race day catering • Other/Sundry/Misc Expenses (admin and race meets) • Sponsorship • Suspense accounts. 	<p>No</p> <p>No</p> <p>No</p> <p>No</p> <p>No</p> <p>No</p> <p>No</p>	<p>Repairs and Maintenance: No unusual transactions noted</p> <p>Legal/Consulting fees: No unusual transactions noted</p> <p>Advertising/Promotion: No unusual transactions noted</p> <p>Race day catering: No unusual transactions noted</p> <p>Other/Sundry/Misc Expenses (admin and race meets): No unusual transactions noted</p> <p>Sponsorship: No unusual transactions noted</p> <p>Suspense accounts: No unusual transactions noted</p>
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Appendix A – Sponsorship Register

Sponsor	Cash Equivalent (\$)	Description	Start Date	End Date	Contract length	Contract Signed
Fosters Australia	113,237.55	Racebook advert \$4600, race name MM day 1 \$1000, trophies \$2,000	1/06/2003	31/05/2009	6 Yrs	
Coca Cola	5,000.00		1/12/2007	30/11/2010	3 Yrs	
Conrad Jupiters	26,000.00	On Course Signage	1/01/2006	31/12/2009	4 Yrs	Yes
Culpans Electrical	12,750.00	Naming Rights Ken Russell Classic PM Cup Day \$5K + naming rights to non -feature race \$1K, Race book advert \$100, trophies \$500	1/03/2009	28/02/2011	2 Yrs	Yes
GC Bulletin	15,000.00	GCTC to purchase \$15K in advertising each year	1/10/2007	30/09/2009	2 Yrs	Yes
GCCC - PM Cup	15,000.00					
Gold Coast Limosines - Expired Dec 08	6,600.00	Race book advert \$2,900, use of on-site sales booth, \$5,800, On-course signage	1/07/2007	31/12/2008		Yes
Gold Coast FM	0.00	Radio rights to all promo events, exclusivity for permanent on-course signage	28/03/2008	28/03/2010	1 Yrs	Yes
Gold Coast Transport - Contra		1 x race name \$1K, Corporate membership \$1K.	1/10/2007	30/09/2009	2 Yrs	Yes
H Harvey & Co - Expired	26,000.00	Naming Rights GC Bracelet, PM Cup Day \$5K, naming Rights Horse of Year, magazine Advert \$500, Trophies \$1,400	1/09/2006	31/08/2009	3 Yrs	Yes
Heinrich Group	7,500.00	Race name Sponsorship - Gold Coast Guineas \$5K				
Magic Millions	1.00	Naming rights to MM carnival	1/01/2006	31/01/2009	2 Yrs	Yes
Marriot Hotel Contra		1 x race name \$1K, race book advert \$2,900	1/12/2008	30/11/2009	3 Yrs	Yes
Moreton Exhibitions	11,000.00	Race name \$1K, Corp Membership \$1K, race book advert \$50	1/01/2006	31/12/2008	3 Yrs	Yes
Mylk Bar - Expired	8,500.00	1 weekly race book advert, 1/4 page advert Magazine	1/12/2007	30/11/2008	1 Yr	Yes
Paradise Tower	5,000.00		1/07/2006	30/06/2009	3 Yrs	Yes
Prime TV	11,000.00	3 x race names \$3,000, race book advert \$150 advert	1/01/2007	30/06/2009		Yes
Patinack farm	35,000.00	Naming rights AD Hollindale, race book advert, Trophies \$1,400	1/05/2008	30/04/2009	1 Yr	Yes
Samuel Smith & Son - cash	17,545.45	Naming rights Champagne bar, race book advert \$2900, exclusive pour rights	1/01/2008	30/12/2010	3 Yrs	Yes
Southern Cross 10		1 x race name PM Cup \$5,000, race book advert	14/01/2008	13/01/2010	2 Yrs	Yes
Streets - Expired	5,000.00		1/03/2007	28/02/2008		
Surfers Century Oceanside Apart - Expired	3,500.00	4 x Race names \$4,000, race book advert \$200	1/11/2007	31/10/2008	1 Yr	
Surfside Bus lines						Yes
Von Bibra Motors	20,000.00	2 x race names \$2,000, race book advert \$100, Magazine advert \$1000	1/01/2008	31/03/2009		Yes
Wanless	23,680.00	Race Name, on Goldmarket day \$2,000, Race book advert \$50	1/06/2006	31/05/2009	3 Yrs	Yes
Gold Coast Radio (Contra)	65,000.00	Presentation rugs \$800, \$500 Race name, \$200 signage	28/03/2008	28/03/2010	2 Yrs	Yes
TOTAL	432,314.00					

Appendix B – Analysis of Board Meeting Attendances

Board members are required to sign their attendance to Board meetings that are held monthly. The attendance records and summarised issues raised at the Board meetings are provided below.

	W.P. Millican	H. Heinrich	Dr. B O'Hara	L. Klinge	A.Sims	Y. Smith	P. Lawlor	Dr M. Barry	M. McCabe	B. Cook	A. Eggleston	S. Hawkins	Comments
17.07.2007	✓ C	✓	✓ DC	✓	✓ T	✓	✓	✓	✓				
21.08.2007	✓ C	✓	✓ DC	✓	✓ T	✓	✗	✓	✓				
25.09.2007	✓ C	✓	✓ DC	✓	✓ T	✓	✗	✓	✓				
AGM													
25.10.2007	✓ C	✓	✓ DC	✓	✓ T	✓	✓	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> Mr Millican became an honorary life member. The Chairman (Mr Millican) declared the end of his Chairmanship from the end of the meeting. The following members were declared candidates duly elected to the Board for the next two years: Michael Barry, Brett Cook, Andrew Eggleston, Hoss Heinrich, Larry Klinge, Peter Lawlor, Mike McCabe, Andy Sims and Yvonne Smith. <p>The Chairman admonished the person or persons responsible for leaking the results of the election to the papers.</p>
25.10.2007	✓	✓ C	✓	✓ DC	✓	✓ T	✓	✓	✓	✓	✓	✓	Mr Heinrich became the Chairman, Mr Klinge became Deputy Chairman and Mrs Smith became Treasurer. New members of the Board are Mr Cook and Mr Eggleston.
30.10.2007		✓ C		✓ DC	✓	✓ T	✓	✓	✓	✓	✓	✓	Mr Sims advised the Board that Mr Eggleston had threatened him and said that he (Mr Eggleston) would not vote for Mr Sims to be Deputy Chairman of the club if he (Mr Sims) did not vote for him (Mr Eggleston) to be Treasurer. Mr Eggleston agreed with the conversation but denied that it was meant as a threat.
20.11.2007		✓ C		✓ DC	✓	✓ T	✓	✓	✓	✓	✓	✓	
18.12.2007		✓ C		✓ DC	✓	✓ T	✓	✓	✓	✗	✓	✓	Board is not happy with the financial controller's performance (Mr Walton).
15.01.2008		✓ C		✓ DC	✓	✓ T	✓	✓	✓	✓	✓	✓	The Chairman declared a conflict of interest in relation to Mr Nelson's application to train. A counterfeit \$50 note had been received by a tote staff member. The tote manager advised the Board that the incident had been reported to the Federal Police.
19.02.2008		✓ C		✓ DC	✓	✗	✓	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> Mr McCabe declared a conflict of interest in relation to the incident referred to in correspondence to be discussed during the meeting. Mr McCabe also declared a conflict of interest in relation to the training variation application by Ms Annalise Moir. A conflict of interest was discussed for applications by Mr Garry Gorrie and Mr Carl Shultz to field in the Dome on Magic Millions Race Day. <p>Mr McCabe was involved in an incident at Eagle Farm racecourse. Mr McCabe advised that he had engaged solicitors to represent him. This incident was not the first time Mr McCabe had been asked by the Board to answer allegations about his behaviour as a Director of the club. The Chairman reiterated that the club is not to be brought into disrepute because of actions of its Board Members.</p>
12.03.2008		✓ C		✓ DC	✓	✓ T	✗	✓	✗	✗	✓	✓	
18.03.2008		✓ C		✓ DC	✓	✓ T	✓	✓	✓	✗	✓	✓	
15.04.2008		✓ C		✓ DC	✓	✓ T	✗	✓	✓	✓	✓	✓	<p>A new financial controller Mr Ahern was appointed to replace Mr Walton.</p> <ul style="list-style-type: none"> During the Magic Millions Carnival some articles appeared in the Press that neither the CEO or Chairman had provided. The Chairman reiterated that under no circumstances were the Board members to speak or comment to Media or Press on behalf of the club unless without the expressed permission of the Chairman. There was a discrimination claim against Board member Mr Sims from Mr Holliday. Mr Sims denied that at any stage he had threatened Mr Holliday. Mr Sims advised that he had been defending the club from comments which Mr Holliday had made and were published in the Gold Coast Bulletin. It was agreed that the CEO would investigate the matter with the club's lawyers as to the appropriate action the club should take and report back to the Board.
20.05.2008				✓ DC	✗	✓ T	✓	✗	✓	✓	✓	✓	An alleged incident occurred in the saddling enclosure on Prime Ministers Cup Race Day whilst Mr Sims (Board Member) had been involved in the winner's presentation. The club CEO requested the Board's direction. Discussion ensued and the Board agreed that it would rather keep the matter in-house and not involve the QRL. Further discussion ensued and it was agreed that the CEO would arrange a meeting between Mr Sims, Mr Bailey and the Executive in a bid to mediate and resolve this matter.
17.06.2008		✓ C		✓ DC	✓	✓ T	✓	✓	✗	✓	✓	✓	
15.07.2008		✓ C		✓ DC	✓	✗	✓	✓	✓	✓	✓	✓	Mr McCabe left the room due to a conflict of interest in the matter of K Fleming and D Kelly and J Black.

Legend	
✓	Attendance
✗	Absent
C	Chairman
DC	Deputy Chairman
T	Treasurer
	Not on Committee
AGM	Annual General Meeting
	Elections and Board Mol
	Conflicts of Interest
	Other Notes/Issues

Board of Management Decision:

W.P. Millican	Chairman (retired)
H. Heinrich	Board Member/ Chairman
Dr. B O'Hara	Deputy Chairman (
L. Klinge	Board Member/ Deputy Chairman
A. Sims	Treasurer (retired)/ Board Member
Y. Smith	Board Member/ Treasurer
P. Lawlor	Board Member (ret
Dr. M Barry	Board Member
M. McCabe	Board Member
B. Cook	Board Member
A. Eggleston	Board Member
S. Hawkins	Board Member

	W.P Millican	H. Heinrich	Dr. B O'Hara	L. Klinge	A.Sims	Y. Smith	P. Lawlor	Dr M. Barry	M. McCabe	B. Cook	A. Eggleston	S. Hawkins	Comments
AGM		✓ C		✓ DC	✓	✓ T	✓	✓	✓	✓	✓	✓	
		✓ C		✓ DC	✓	✓ T	✓	✓	✓	✓	✓	✓	Financial controller requested the Board's approval for the CEO John Cameron to be the Company Secretary and Signatory of the bank accounts.
		✓ C		✓ DC	✓	✓ T	✓	✓	✓	✓	✓	✓	
		✓ C		✓ DC	✓	✓ T	✓	✓	✓	✓	✓	✓	
		✓ C			✓	✓ T	✗	✓	✓	✓	✓	✓	
		✓ C		✓ DC	✓	✗	✗	✓	✓	✓	✓	✓	Resignation of Board Member Mr Peter Lawlor MP was accepted. Steve Hawkins was nominated as a Board Member replacing Mr Peter Lawlor MP. Chairman advised that Mr Hawkins must stand for re-election at the next AGM. Mr Hawkins was to fulfil the role until the next AGM in 2008.
		✓ C		✓ DC	✓	✓ T		✓	✓	✓	✓	✓	
		✓ C		✓ DC	✓	✓ T		✓	✓	✓	✓	✓	
		✓ C		✓ DC	✓	✓ T		✓	✓	✓	✓	✓	The Board of Directors unanimously voted that Ms Caroline Devine (member) be requested to Show Cause at the March Board Meeting as a consequence of her letter. The CEO was required to consult with the GCTC solicitors to enable process for a Show Clause Notice to be forwarded to Carole Devine.
		✓ C		✓ DC	✓	✓ T		✓	✓	✓	✓	✓	The Chairman conducted the Show Cause Hearing with Ms Carole Devine. The Chairman was to seek legal advice surrounding obtaining the names of three witnesses to the allegations of Ms Carole Devine and report back to the Board.
													Mr L Klinge left the meeting when the Show Cause matter of Ms Devine was raised by the chairman.
		✓ C		✓ DC	✓	✓ T		✓	✓	✓	✓	✓	<ul style="list-style-type: none"> Board member Mr Hawkins noted in the meeting that Mr Gerry Harvey, one of the Directors of the Magic Millions continues to publicly knock the club on a regular basis and that some of this must be causing damage to the club. A Show Cause case occurred before the Board meeting. In accordance with Clause 15.7 of the club's Constitution it was decided that Ms Devine be suspended for a period of six months as of 28th April 2009 and an apology be requested from Ms Devine. Member entry fees increase from 1 July 2009. Saturday: \$7 to \$10, Melbourne Cup \$25 - \$30, Magic Millions \$25 - \$30 and midweek race day from 0 - \$5.

Legend	
✓	Attendance
✗	Absent
C	Chairman
DC	Deputy Chairman
T	Treasurer
	Not on Committee
AGM	Annual General Meeting
	Elections and Board Motions
	Conflicts of Interest
	Other Notes/Issues

Board of Management Decisions	
W.P Millican	Chairman (retired)
H.Heinrich	Board Member/ Chairman
Dr. B O'Hara	Deputy Chairman (retired)
L. Klinge	Board Member/ Deputy Chairman
A. Sims	Treasurer (retired)/ Board Member
Y. Smith	Board Member/ Treasurer
P. Lawlor	Board Member (retired)
Dr. M Barry	Board Member
M. McCabe	Board Member
B. Cook	Board Member
A. Eggleston	Board Member
S.Hawkins	Board Member

Appendix C – Analysis of Gate Takings & Attendance Numbers

The table below provides a summary of gate ticket sales against gate attendance numbers in the 2007/08 and 2008/09 financial years to date. Based on the attendance numbers, we have recalculated the Expected Takings from the gates in each race day, by multiplying the attendance numbers against the relevant gate ticket prices. We noted a number of races with free entry/no payers. Free entry to the club is provided on race days during week days and race days during the Equine Influenza (EI) downtime. We also identified three race days with zero paying attendance, on 5 July 2008, 26 July 2008 and 13 September 2008.

Date	Payers	Attendance Numbers											Gate Cash Sales			Comments			
		Members (Non Paying)	Other (Non Paying)										Total	Paying Attendance Percentage	Expected Takings		Actual Takings (incl. GST)	Variance	
			Pensioners	Compliments	Licensees & Owners	GCC Tick Ent	Other	Casino Rewards	Complimentary (Yellow)	2 For 1	Breakfree Footy Tips	Stable Entry							
Sat, 7 Jul 07	586	483	106	710	73	0	0	0	0	0	0	0	0	1958	29.93%	\$3,834	\$3,777	-\$57	
Sat, 14 Jul 07	561	539	98	711	77	0	0	0	0	0	0	0	0	1986	28.25%	\$3,660	\$3,634	-\$26	
Sat, 21 Jul 07	571	457	135	617	100	0	0	0	0	0	0	0	0	1880	30.37%	\$3,831	\$3,852	\$21	
Fri, 27 Jul 07	0	104	0	0	0	0	424	0	0	0	0	0	0	528	0.00%	free entry – week day race			
Sat, 28 Jul 07	600	542	164	826	75	0	0	0	0	0	0	0	0	2207	27.19%	\$4,092	\$4,098	\$6	
Sat, 4 Aug 07	676	444	163	402	88	0	834	0	0	0	0	0	0	2607	25.93%	\$4,545	\$4,554	\$9	
Sat, 11 Aug 07	604	474	138	619	71	0	0	0	0	0	0	0	0	1906	31.69%	\$4,038	\$4,044	\$6	
Sat, 18 Aug 07	678	480	145	679	51	0	0	0	0	0	0	0	0	2033	33.35%	\$4,503	\$4,509	\$6	
Sat, 25 Aug 07	0	39	0	0	0	0	797	0	0	0	0	0	0	836	0.00%	free entry – EI downtime			
Sat, 8 Sep 07	0	104	0	89	0	0	0	0	0	0	0	0	0	193	0.00%	free entry – EI downtime			
Sat, 15 Sep 07	0	42	0	99	3	0	0	0	0	0	0	0	0	144	0.00%	free entry – EI downtime			
Wed, 19 Sep 07	127	0	0	0	21	0	0	0	0	0	0	0	0	148	85.81%	free entry – EI downtime			
Sat, 1 Sep 07	94	102	0	43	0	0	0	0	0	0	0	0	0	239	39.33%	\$564	\$1,630	-\$572	Equine Influenza (EI) period. Gate takings were combined for these race days. As such we were unable to identify the source of the variance
Sun, 9 Sep 07	105	142	24	6	31	0	0	0	0	0	0	0	0	308	34.09%	\$702			
Sun, 16 Sep 07	108	142	18	80	30	0	0	0	0	0	0	0	0	378	28.57%	\$702			
Sat, 22 Sep 07	39	129	0	0	2	0	0	0	0	0	0	0	0	170	22.94%	\$234			
Sat, 6 Oct 07	0	139	0	0	0	0	38	0	0	0	0	0	0	225	0.00%	free entry – EI downtime			
Sat, 13 Oct 07	0	126	0	14	77	0	0	0	0	0	0	0	0	341	0.00%	free entry – EI downtime			
Sat, 20 Oct 07	0	154	0	0	0	0	169	0	0	0	0	0	0	323	0.00%	free entry – EI downtime			
Sat, 27 Oct 07	0	166	0	55	4	0	158	0	0	0	0	0	0	383	0.00%	free entry – EI downtime			

Date	Payers	Attendance Numbers											Total	Paying Attendance Percentage	Gate Cash Sales			Comments
		Members (Non Paying)	Other (Non Paying)												Expected Takings	Actual Takings (incl. GST)	Variance	
			Pensioners	Compliments	Licencees & Owners	GCC Tick Ent	Other	Casino Rewards	Complimentary (Yellow)	2 For 1	Breakfree Footy Tips	Stable Entry						
Sat, 3 Nov 07	0	146	\$-	0	0	0	413	0	0	0	0	0	559	0.00%	free entry – EI downtime			
Tue, 6 Nov 07	2940	794	72	0	0	0	986	0	0	0	0	0	4792	61.35%	\$29,760	\$30,063	\$303	
Sat, 10 Nov 07	0	142	0	72	0	0	92	0	0	0	0	0	310	0.00%	free entry – EI downtime			
Sat, 17 Nov 07	0	137	0	68	0	0	36	0	0	0	0	0	241	0.00%	free entry – EI downtime			
Sat, 24 Nov 07	0	98	0	254	0	0	67	0	0	0	0	0	423	0.00%	free entry – EI downtime			
Sat, 1 Dec 07	706	558	71	1147	69	0	151	0	0	0	0	0	2707	26.08%	\$4,449	\$4,477	\$28	
Sat, 1 Dec 07	0	109	0	110	0	0	116	0	0	0	0	0	335	0.00%	free entry – EI downtime			
Fri, 7 Dec 07	0	161	0	0	0	0	256	0	0	0	0	0	417	0.00%	free entry – EI downtime			
Sat, 15 Dec 07	529	455	61	1584	99	0	0	4	67	9	0	0	2808	18.84%	\$3,357	\$3,363	\$6	
Fri, 21 Dec 07	0	148	0	363	45	0	132	0	0	0	0	0	688	0.00%	free entry – EI downtime			
Sat, 22 Dec 07	0	107	0	127	1	0	79	0	0	0	0	0	314	0.00%	free entry – EI downtime			
Sat, 29 Dec 07	880	514	74	251	98	0	0	0	0	0	0	0	1817	48.43%	\$5,502	\$5,508	\$6	
Sat, 5 Jan 08	0	168	0	0	0	0	490	0	0	0	0	0	658	0.00%	free entry – EI downtime			
Tue, 1 Jan 08	0	103	0	117	1	0	0	0	0	0	0	0	221	0.00%	free entry – EI downtime			
Sat, 12 Jan 08	749	502	67	245	112	0	0	0	0	0	0	0	1675	44.72%	\$4,695	\$4,710	\$15	
Sat, 19 Jan 08	599	437	64	172	91	0	0	4	31	23	0	0	1422	42.12%	\$3,786	\$3,792	\$6	
Sat, 26 Jan 08	572	531	71	484	121	0	0	0	0	0	0	0	1779	32.15%	\$3,645	\$3,651	\$6	
Sat, 2 Feb 08	573	482	70	329	120	0	0	0	0	0	0	0	1574	36.40%	\$3,648	\$3,648	\$0	
Sat, 9 Feb 08	582	510	77	471	86	0	0	0	0	0	0	0	1726	33.72%	\$3,723	\$3,735	\$12	
Sat, 16 Feb 08	772	416	100	788	102	0	0	0	0	0	0	0	2178	35.45%	\$4,932	\$4,935	\$3	
Sat, 23 Feb 08	666	481	79	625	100	0	0	0	0	0	0	0	1951	34.14%	\$4,233	\$4,263	\$30	
Sat, 1 Mar 08	680	452	89	501	80	0	0	0	0	0	0	0	1802	37.74%	\$4,347	\$4,380	\$33	
Sat, 8 Mar 08	828	525	78	631	58	0	0	0	0	0	0	0	2120	39.06%	\$5,202	\$5,223	\$21	
Wed, 12 Mar 08	211	249	36	78	55	0	0	0	0	0	0	0	629	33.55%	\$1,374	\$1,380	\$6	
Sat, 15 Mar 08	762	493	81	558	39	0	0	0	0	0	0	0	1933	39.42%	\$4,815	\$4,866	\$51	
Sat, 22 Mar 08	1354	844	144	436	76	0	0	0	0	0	0	0	2854	47.44%	\$14,260	\$14,515	\$255	
Mon, 24 Mar 08	6296	1936	242	3283	214	0	0	0	0	0	0	0	11971	52.59%	\$128,340	\$128,210	-\$130	Magic Millions Easter Monday. Attendance numbers may be inaccurate due to manual security clickers used at Southern Gate.
Sat, 29 Mar 08	930	597	51	687	63	0	602	0	0	0	0	0	2930	31.74%	\$9,555	\$9,620	\$65	
Fri, 4 Apr 08	0	59	0	194	42	0	157	0	0	0	0	0	452	0.00%	free entry – weekday race			

Appendix C – Analysis of Gate Takings & Attendance Numbers

Date	Attendance Numbers												Gate Cash Sales				Comments	
	Payers	Members (Non Paying)	Other (Non Paying)										Total	Paying Attendance Percentage	Expected Takings	Actual Takings (incl. GST)		Variance
			Pensioners	Compliments	Licencees & Owners	GCC Tick Ent	Other	Casino Rewards	Complimentary (Yellow)	2 For 1	Breakfree Footy Tips	Stable Entry						
Sat, 5 Apr 08	380	376	52	374	57	0	0	0	0	0	0	0	1239	30.67%	\$2,436	\$2,442	\$6	Prime Ministers Cup. Attendance numbers may be inaccurate due to manual security clickers used at Southern Gate.
Sat, 12 Apr 08	584	484	74	421	51	0	0	0	0	0	0	0	1614	36.18%	\$3,726	\$3,698	-\$28	
Sat, 19 Apr 08	586	418	72	295	41	0	0	0	0	0	0	0	1412	41.50%	\$3,732	\$3,732	\$0	
Fri, 25 Apr 08	346	193	42	241	47	0	0	0	0	0	0	0	869	39.82%	\$2,202	\$2,208	\$6	
Sat, 26 Apr 08	536	477	67	335	42	0	0	0	0	0	0	0	1457	36.79%	\$3,417	\$3,432	\$15	
Sat, 3 May 08	1296	1032	136	773	169	0	0	0	0	0	0	0	3406	38.05%	\$20,460	\$20,195	-\$265	
Sat, 10 May 08	406	424	70	348	49	0	0	0	0	0	0	0	1297	31.30%	\$2,646	\$2,652	\$6	
Sat, 17 May 08	631	510	79	451	25	0	0	0	0	0	0	0	1696	37.21%	\$4,023	\$3,999	-\$24	
Sat, 24 May 08	497	450	79	230	58	0	0	0	0	0	0	0	1314	37.82%	\$3,219	\$3,215	-\$4	
Sat, 7 Jun 08	882	518	94	665	50	0	0	0	0	0	0	0	2209	39.93%	\$5,574	\$5,553	-\$21	
Thu, 12 Jun 08	161	157	0	32	82	0	0	0	0	0	0	0	432	37.27%	free entry – weekday race			
Sat, 14 Jun 08	842	477	131	801	47	0	0	0	0	0	0	0	2298	36.64%	\$5,445	\$5,469	\$24	
Sat, 21 Jun 08	606	433	108	627	48	0	0	0	0	0	0	0	1832	33.08%	\$3,960	\$3,966	\$6	
Sat, 28 Jun 08	773	492	106	52	104	0	508	0	0	0	0	0	2035	37.99%	\$4,956	\$4,927	-\$29	
Sat, 5 Jul 08	0	165	0	16	13	0	640	0	0	0	0	0	834	0.00%	no payers			
Sat, 12 Jul 08	448	436	88	59	67	0	588	5	0	14	0	0	1705	26.28%	\$3,444	\$4,103	\$659	
Sat, 19 Jul 08	439	541	113	60	66	0	917	3	0	12	0	0	2242	19.58%	\$3,469	\$3,450	-\$19	
Sat, 26 Jul 08	0	153	0	2	3	0	71	0	0	0	0	0	229	0.00%	no payers			
Fri, 1 Aug 08	0	103	0	0	0	0	358	0	0	0	0	0	461	0.00%	free entry – weekday race			
Sat, 2 Aug 08	774	464	192	72	116	0	360	5	0	24	0	0	2866	27.01%	\$6,090	\$6,027	-\$63	
Sat, 9 Aug 08	752	500	173	96	121	0	589	4	0	35	0	0	2270	33.13%	\$5,870	\$5,876	\$7	
Sat, 16 Aug 08	718	463	127	43	128	0	642	3	0	34	0	0	2210	32.49%	\$5,471	\$5,478	\$7	
Sat, 23 Aug 08	857	529	116	75	140	1076	492	5	0	26	0	0	3316	25.84%	\$6,405	\$6,538	\$133	
Sat, 30 Aug 08	797	521	104	31	84	0	412	5	0	30	0	0	1984	40.17%	\$5,943	\$6,038	\$95	
Sat, 6 Sep 08	694	421	114	54	75	0	670	5	0	22	15	0	2070	33.53%	\$5,257	\$5,285	\$28	
Sat, 13 Sep 08	0	183	0	0	235	0	0	0	0	0	0	0	418	0.00%	no payers			
Sat, 20 Sep 08	928	575	91	70	85	0	446	5	0	27	93	0	2320	40.00%	\$6,815	\$6,825	\$11	
Sat, 27 Sep 08	483	392	64	27	92	0	380	4	0	14	37	0	1493	32.35%	\$3,605	\$3,626	\$21	
Sat, 4 Oct 08	1014	494	94	75	135	0	512	1	0	26	145	0	2496	40.63%	\$7,427	\$7,487	\$60	

Date	Payers	Attendance Numbers											Gate Cash Sales			Comments		
		Members (Non Paying)	Other (Non Paying)										Total	Paying Attendance Percentage	Expected Takings		Actual Takings (incl. GST)	Variance
			Pensioners	Compliments	Licensees & Owners	GCC Tick Ent	Other	Casino Rewards	Complimentary (Yellow)	2 For 1	Breakfree Footy Tips	Stable Entry						
Sat, 11 Oct 08	1002	408	78	128	75	0	630	2	0	26	216	0	2565	39.06%	\$7,287	\$7,322	\$35	
Sat, 18 Oct 08	1482	621	121	118	78	0	841	2	0	36	113	0	3412	43.43%	\$10,798	\$10,801	\$3	
Sat, 25 Oct 08	503	478	60	39	53	0	764	3	0	19	23	0	1942	25.90%	\$3,731	\$3,693	-\$38	
Sat, 1 Nov 08	1058	519	97	70	56	0	936	2	0	15	117	0	2870	36.86%	\$7,746	\$7,780	\$35	
Tue, 4 Nov 08	6066	1221	119	1	16	0	1359	0	0	0	0	0	9159	66.23%	\$122,510	\$108,023	-\$14,487	Melbourne Cup Day. We were unable to confirm the cause of this significant variance. Attendance numbers may be inaccurate due to lack of trainer staff working at the gates and the use of security clickers at the Southern Gate. We were unable to confirm if cash was skimmed as inexperienced staff worked at the token cashiers. The number of actual payers and pensioners was estimated.
Sat, 8 Nov 08	628	399	74	55	37	0	607	4	0	23	22	0	1849	33.96%	\$4,655	\$4,662	\$7	
Thu, 13 Nov 08	0	78	0	0	0	0	187	0	0	0	0	0	265	0.00%	free entry – weekday race			
Sat, 15 Nov 08	731	431	97	32	78	0	682	5	0	43	16	0	2115	34.56%	\$5,457	\$5,572	\$115	
Sat, 22 Nov 08	322	388	40	49	46	0	746	2	0	12	6	0	1611	19.99%	\$2,394	\$2,394	-\$0	
Sat, 29 Nov 08	498	374	54	55	89	0	844	5	0	12	3	0	1934	25.75%	\$3,675	\$3,703	\$28	
Sat, 6 Dec 08	596	453	58	71	65	0	1094	5	0	10	0	0	2352	25.34%	\$4,375	\$4,494	\$119	
Sat, 13 Dec 08	455	395	50	52	80	0	1358	6	0	9	0	0	2405	18.92%	\$3,360	\$3,504	\$144	
Sat, 20 Dec 08	557	440	60	52	70	0	1404	6	0	12	14	0	2615	21.30%	\$4,109	\$4,113	\$4	
Sat, 27 Dec 08	740	552	91	78	153	0	236	6	0	20	0	0	1876	39.45%	\$5,499	\$4,967	-\$532	We noted the initial float level was understated by the cashier by \$350. We are unable to confirm if cash has been skimmed. Existing reconciliation process only identified \$5 variance
Thu, 1 Jan 09	764	548	98	34	148	0	83	5	0	0	0	0	1680	45.48%	\$8,130	\$8,170	\$40	
Sat, 3 Jan 09	368	583	39	50	146	0	732	0	0	0	0	0	1918	19.19%	\$3,875	\$3,925	\$50	
Sat, 10 Jan 09	6701	3168	344	2	322	0	3390	0	0	0	0	0	14026	47.78%	\$171,825	\$171,247	-\$578	Magic Millions Easter Monday. Attendance numbers may be inaccurate due to manual security clickers used at Southern Gate.

Date	Payers	Attendance Numbers											Total	Paying Attendance Percentage	Gate Cash Sales			Comments
		Members (Non Paying)	Other (Non Paying)												Expected Takings	Actual Takings (incl. GST)	Variance	
			Pensioners	Complimentaries	Licensees & Owners	GOC Tick Ent	Other	Casino Rewards	Complimentary (Yellow)	2 For 1	Breakfree Footy Tips	Stable Entry						
Sat, 17 Jan 09	593	523	72	69	117	0	466	8	0	17	0	0	1865	31.80%	\$4,403	\$4,410	\$7	
Sat, 24 Jan 09	453	451	53	45	43	0	113	6	0	12	0	0	1176	38.52%	\$3,357	\$3,377	\$21	
Sat, 31 Jan 09	508	478	49	39	56	0	240	5	2	24	0	0	1401	36.26%	\$3,728	\$3,743	\$16	
Sat, 7 Feb 09	605	418	77	41	34	0	308	5	0	32	0	150	1670	36.23%	\$4,505	\$4,519	\$14	
Sat, 21 Feb 09	476	549	73	21	41	0	555	5	0	37	0	130	1887	25.23%	\$3,588	\$3,601	\$14	
Sat, 28 Feb 09	665	620	77	82	80	0	361	12	0	23	0	200	2119	31.38%	\$4,925	\$4,929	\$5	
Sat, 7 Mar 09	576	451	76	174	50	0	251	5	0	34	0	126	1743	33.05%	\$4,298	\$4,298	-\$0	
Wed, 11 Mar 09	107	202	21	29	74	0	98	5	0	6	0	140	682	15.69%	\$823	\$823	\$0	
Sat, 14 Mar 09	589	394	54	244	88	0	332	5	0	29	0	146	1881	31.31%	\$4,312	\$4,312	\$-	
Sat, 21 Mar 09	479	520	72	344	60	0	330	5	0	34	0	150	1994	24.02%	\$3,605	\$3,633	\$28	
Sat, 28 Mar 09	692	617	64	567	105	0	755	5	0	25	0	216	2918	23.71%	\$5,068	\$5,089	\$21	
Sat, 11 Apr 09	1317	591	141	76	64	0	451	5	0	27	0	132	2804	46.97%	\$9,713	\$9,716	\$4	
Sat, 18 Apr 09	507	472	71	97	70	0	673	6	0	24	0	180	2100	24.14%	\$3,798	\$3,780	-\$18	
Sat, 25 Apr 09	626	460	83	209	72	0	356	6	0	10	0	170	2392	26.17%	\$4,673	\$4,659	-\$14	
Sat, 2 May 09	1929	1113	155	4	149	0	1093	0	0	0	0	236	4679	41.23%	\$30,098	\$30,142	\$45	

Gate Ticket Prices

Entry Fees 08/09		Entry Fees 07/08		Melbourne Cup		Prime Ministers Cup		Magic Millions 2008		Magic Millions 2009	
Payers	\$7.00	Payers	\$6.00	Payers	\$20.00	Payers	\$15.00	Payers	\$25.00	Payers	\$20.00
Pensioners	\$3.50	Pensioners	\$3.00	Pensioners	\$10.00	Pensioners	\$7.50	Pensioners	\$12.50	Pensioners	\$10.00

Appendix D – Analysis of Bar and Catering Profit Margins

The following table provides a summary of bar and catering profit margin between July 2007 and April 2009. Overhead costs are not included in the calculation of gross profit margin below. Overhead costs are applied in the Profit and Loss statements for the bar and catering area, where invoices made by the bar/catering area are recorded as expense items and other general club overheads are allocated arbitrarily such as electricity.

Month	Bar			Catering			Comments
	Gross Profit Margin	Direct Labour % of Sales	Gross Profit LESS Direct Labour	Gross Profit Margin	Direct Labour % of Sales	Gross Profit LESS Direct Labour	
Apr-09	65.50%	24.07%	41.43%	61.13%	27.65%	33.48%	
Mar-09	65.40%	16.28%	49.12%	66.52%	22.97%	43.56%	
Feb-09	66.16%	17.81%	48.35%	62.18%	24.63%	37.55%	
Jan-09	64.54%	12.99%	51.55%	62.52%	21.46%	41.06%	
Dec-08	66.25%	13.71%	52.54%	64.34%	19.22%	45.12%	
Nov-08	65.93%	14.06%	51.87%	64.26%	19.61%	44.65%	
Oct-08	64.42%	12.08%	52.34%	63.22%	18.28%	44.94%	
Sep-08	63.87%	13.65%	50.22%	65.11%	21.32%	43.79%	
Aug-08	65.35%	12.77%	52.58%	63.50%	20.48%	43.03%	
Jul-08	63.52%	23.77%	39.75%	61.18%	27.36%	33.82%	
Jun-08	63.57%	15.86%	47.71%	62.83%	21.74%	41.09%	
May-08	64.21%	17.61%	46.60%	60.71%	23.43%	37.27%	
Apr-08	63.02%	18.58%	44.44%	62.61%	27.77%	34.83%	
Mar-08	62.40%	25.42%	36.98%	61.88%	28.03%	33.85%	Magic Millions Race Day was held on Easter Monday (24 March 2008) where GCTC incurred penalty rates for casual bar and catering staff
Feb-08	63.66%	15.77%	47.89%	59.67%	23.22%	36.44%	

Month	Bar			Catering			Comments
	Gross Profit Margin	Direct Labour % of Sales	Gross Profit LESS Direct Labour	Gross Profit Margin	Direct Labour % of Sales	Gross Profit LESS Direct Labour	
Jan-08	63.27%	15.47%	47.80%	53.68%	33.75%	19.93%	On both 1st January and 5th January 2008, the race days were wet and windy, resulting in a loss in catering area. The bar area performed better than the catering area on these race days, achieving a small profit while maintaining the profit margin levels.
Dec-07	63.97%	15.54%	48.43%	62.02%	20.19%	41.83%	
Nov-07	64.27%	15.84%	48.43%	58.79%	19.65%	39.14%	Limited operations with EI affecting the catering area. The bar area performed better than the catering area on these race days, achieving a small profit while maintaining the profit margin levels.
Oct-07	65.32%	20.18%	45.13%	45.55%	30.52%	15.04%	
Sep-07	62.99%	26.62%	36.37%	56.76%	20.04%	36.72%	
Aug-07	64.40%	15.15%	49.26%	59.12%	15.63%	43.49%	
Jul-07	63.92%	20.45%	43.47%	65.24%	20.45%	44.79%	
Average:	64.36%	17.44%	46.92%	61.04%	23.06%	37.97%	

Appendix E – Analysis of Mobile Phone Expenses

The club provides mobile phones to selected employees. The services used by these employees are combined in the club's total phone expenses. GCTC has shared cap arrangements with 3 Mobile, providing free calls between staff mobile phones and a shared call usage limit of up to \$3,500. GCTC's combined expenses per month for mobile phones between are as follows:

Date	Cap	Handsets Payments	Service Charges	Paper Invoice Charge	Total Minimum Monthly Charges	Total Monthly Bill Expense	Variance
Wednesday, 16 July 2008	\$599	\$28.00	\$53.50	\$2.00	\$682.50	733.80	51.30
Saturday, 16 August 2008	\$599	\$28.00	\$53.50	\$2.00	\$682.50	1952.59 ¹	1270.09
Tuesday, 16 September 2008	\$599	\$28.00	\$122.50	\$2.00	\$751.50	822.58	71.08
Thursday, 16 October 2008	\$599	\$4.00	\$122.50	\$2.00	\$727.50	1542.55 ²	815.05
Sunday, 16 November 2008	\$599	\$4.00	\$122.50	\$2.00	\$727.50	790.85	63.35
Tuesday, 16 December 2008	\$599	\$34.00	\$122.50	\$2.00	\$757.50	1022.25	264.75
Friday, 16 January 2009	\$599	\$64.00	\$122.50	\$2.00	\$787.50	1217.90 ³	430.40
Monday, 16 February 2009	\$599	\$82.00	\$53.50	\$2.00	\$736.50	777.05	40.55
Monday, 16 March 2009	\$599	\$82.00	\$53.50	\$2.00	\$736.50	1428.32 ⁴	691.82
Thursday, 16 April 2009	\$699	\$37.00	\$53.50	\$2.00	\$791.50	4085.50 ⁵	3294.00

Notes

¹ Darren Walton checking emails while overseas (one of instance). International roaming \$1243.65.

² Handset instalment adjustment \$782.00

³ Handset sale \$449.00

⁴ Additional fee business shared 699 cap \$413.37 and handset sale \$239.00

⁵ Error in charge of business shared cap cancellation fee of \$3235.50

Appendix F – Analysis of Fuel Expenses

The club reimburses selected employees fuel expenses per month. The total reimbursement (\$) per month is detailed below:

Period Ending Invoice Date	G Sheather \$	J Haynes \$	K Arhens \$	D Cameron \$	G Webb \$	S Andrews \$	Total \$
Jul-07	127.71						127.71
Aug-07	186.51						186.51
Sep-07	124.58						124.58
Oct-07	346.47						346.47
Nov-07	208.40						208.40
Dec-07	207.46						207.46
Jan-08	210.12						210.12
Feb-08	131.08						131.08
Mar-08	249.34	2.00					251.34
Apr-08	375.51		79.34				454.85
May-08	218.19		219.24				437.43
Jun-08	166.43		265.56		114.31		546.30
Jul-08	300.30		318.40				300.30
Aug-08	234.85	145.00	344.70				1,042.95
Sep-08	216.83		322.76				539.59
Oct-08		70.33	170.43	293.84			534.60
Nov-08		225.14	227.73	333.56			786.43
Dec-08		479.16	183.81	172.05			835.02
Jan-09		462.62	217.98	172.55		250.80	1,103.95
Feb-09		616.52 ¹	199.63	236.06			1,052.21
Mar-09		474.98	199.12	303.93			978.03
Apr-09		206.47	261.42	243.27			711.16
Total	\$3,303.78	\$2,682.22	\$3,010.12	\$1,755.26	\$114.31	\$250.80	\$11,116.49
Average per month	\$220.25	\$298.02	\$250.84	\$250.75	\$114.31	\$250.80	\$505.30

Notes			
Date	Litres	Amount	Suburb
27.01.2009	67.84	73.88	Southport
29.01.2009	69.05	82.10	Southport
30.01.2009	69.25	79.57	Benowa
05.02.2009	69.54	83.38	Southport
11.02.2009	66.97	73.60	Benowa
12.02.2009	68.36	84.01	Southport
19.02.2009	46.48	58.05	Southport
24.02.2009	68.33	81.93	Southport
Total	525.82	616.52	

Supplier Name	FY08-09 YTD Spend (Nett)	No. of Transactions in FY08-09
URBAN SUNDVALL	\$3,885.50	18
VARIOUS REIMBURSEMENTS	\$13,683.86	16
VENTER PTY LTD	\$915.00	1
VETNER PTY LTD	\$915.00	1
VISCO SELECTED FINE FOODS	\$3,344.94	8
VIVID PROMOS	\$436.32	1
VON BIBRA MOTORS GOLD COAST P/L	\$2,908.60	4
WANLESS ENVIRO SERVICES	\$62,843.41	9
WARREN MARKWELL SEAFOODS	\$55,521.46	20
WATERS MECHANICAL SERVICES	\$243.69	1
WAYNE H. WILSON	\$990.00	3
WESTPAC BANK ⁴	\$5,081,311.09	68
WESTPAC VISA	\$29,061.09	26
WHOLESALE SANDS JACOBS WELL	\$3,638.45	5
Wilclean Cleaning Services	\$2,046.00	1
WOMEN IN TOURISM	\$237.00	1
WORK COVER QUEENSLAND	\$77,232.33	1
WORKPLACE SAFETY AUSTRALIA PTY LTD	\$1,309.00	1
WORLD CARPETS PTY LTD	\$1,600.00	1
WORLDSMART FUTURE	\$2,750.00	1
Worldwide Chefs Brigade	\$1,578.49	6
WURTH AUSTRALIA PTY LTD	\$1,902.00	13
XEROX BUSINESS CENTRE	\$48,202.94	25
YENMART PASTRY ART	\$24,369.58	30
ZAPPAWAY	\$1,507.44	4
ZENITH HOSPITALITY SERVICES	\$32,527.42	43
ZUPPS SOUTHSIDE PTY LTD	\$259.20	2
Grand Total	\$768,809.65	6881

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⁴ As invoices were raised in Attaché to record the movement of funds, this amount relates to cash being banked to the club's bank account from race day revenues.

Appendix H – Extract of Related Legislation

Racing Act 2002 Club Provisions

34 (2) To the extent a control body believes necessary or desirable for performing the control body's function, the control body may, by notice given to a licensed club, give a direction to the club (a "control body direction") relating to—

- (a) the operations of the club, including, for example, matters in relation to the licensed club's assets; or
- (b) a licensed venue for which the club is the licence holder.

39 Obligation to have program to audit licensed animals, clubs, participants and venues

(1) By 31 December each year, a control body must give to the chief executive a copy of its program, for the following year, to audit periodically the suitability of every licensed animal, club, participant and venue to continue to be licensed.

(2) The control body must implement the program during the relevant year

PART 5— PROVISIONS APPLYING TO LICENSED CLUBS

Division 1—Contravention of this part constitutes a ground for suspending or cancelling a licensed club's licence

108 Contravention by licensed club constitutes a ground for disciplinary action

(1) If a licensed club contravenes a provision of this part, the contravention constitutes a ground for suspending or cancelling the licensed club's licence.

(2) For subsection (1), it is immaterial whether the licensed club is prosecuted for an offence constituted by the contravention.

(3) This part does not limit the matters that a control body's policy about its licensing scheme may provide is a ground for disciplinary action relating to the licence of a club.

Division 2—Race meetings

109 Licensed club to hold race and betting meeting at licensed venue when under control of control body that licensed club and venue

(1) A licensed club must not hold a contest, contingency or event in which 2 or more animals compete against each other for the purpose of providing a contest, contingency or event on which bets may be made, unless it is held—

- (a) at a licensed venue of the licensed club; and
- (b) under the control of the control body that licensed the club and venue.

Maximum penalty—200 penalty units.

(2) A licensed club must not hold a meeting at which betting is carried on and at which a race is not held, unless the meeting is held—

- (a) at a licensed venue of the licensed club; and
- (b) under the control of the control body that licensed the club and venue.

Maximum penalty—200 penalty units.

Division 3—Audited accounts of licensed clubs and related matters

110 Licensed club to give audited accounts to control body

(1) Within 3 months after the end of each financial year, the responsible entity for a licensed club for the financial year must give to the control body that licensed the club statements signed by the club's auditor.

(2) The statements must be in the control body form.

(3) If the club was a non-proprietary club during the financial year, the control body form must provide for statements about the following—

- (a) the club's income and expenditure, on an accrual basis;
- (b) particulars of each amount paid by the club for a charitable, benevolent, patriotic or special purpose approved by the control body;
- (c) particulars of other payments or expenditure made by the club of the type mentioned in section 112(3);
- (d) its assets and liabilities as at the end of the financial year.

(4) If the club was other than a non-proprietary club during the financial year, the control body form must provide for statements about the following—

- (a) the club's income and expenditure, on an accrual basis;
- (b) its assets and liabilities as at the end of the financial year.

(5) In this section—

“responsible entity”, for a licensed club for a financial year, means—

(a) if the corporation that was a licensed club during the financial year continues to be a licensed club—the licensed club; or

(b) if the corporation that was a licensed club during the financial year is no longer licensed as a licensed club but the corporation continues to exist—the corporation; or

(c) if the corporation that was a licensed club during the financial year is no longer licensed as a licensed club and the corporation no longer exists—each of the persons who was an executive officer of the corporation immediately before the licence ended.

Division 4—Provisions for licensed clubs that are non-proprietary entities

111 Definitions for div 4

In this division—

“dispose”, of an asset, includes distribute, forfeit, relinquish possession of, sell or otherwise give up, the asset.

“non-proprietary entity” means—

- (a) a licensed club that is a non-proprietary club; or
- (b) a corporation that was a licensed club and, when it was licensed, was a non-proprietary club.

“relevant control body” relating to a non-proprietary entity, means the control body that licensed the entity.

112 Application of revenues, profits etc. of licensed club that is or was a non-proprietary entity

(1) A non-proprietary entity must not divide, directly or indirectly, money comprising the entity's revenues, profits or other assets, however derived, among the individual members of the entity or any of them.

(2) The non-proprietary entity may apply amounts comprising its revenues and profits—

- (a) for encouraging the relevant control body's code of racing in Queensland if the application is under 1 of the control body's policies for that purpose; and
- (b) for a charitable, benevolent, patriotic or special purpose, if the application is under the relevant control body's written approval obtained before the entity applies the amounts.

(3) This section does not prevent—

- (a) a payment to a member of a non-proprietary entity as—
 - (i) principal and interest payable for amounts lent to the entity by that member, calculated at a rate not exceeding the rate for the time being approved by the Reserve Bank of Australia as the maximum rate of interest chargeable by banks for overdraft accommodation; or
 - (ii) rent for a lease of a licensed venue that is the property of the member, if the lease was approved by the Minister before its execution; or
 - (iii) reimbursement for reasonable expenses incurred by the member under 1 of the relevant control body's policies that provides the expenses may be incurred; or
- (b) an expenditure by the non-proprietary entity for—

- (i) providing reasonable entertainment for the entity's members in common with other persons; and
- (ii) defraying a member's expenses for attending, with the approval of the entity before attending—
 - (A) a conference or meeting of persons interested or concerned in racing or in the control, holding or supervision of race meetings; or
 - (B) a conference or meeting with the relevant control body or with the Minister; or
 - (C) a place to promote the entity's interests; or
- (c) a payment to 1 of the entity's members of prize money, or for the award of a trophy, won by a licensed animal at a race meeting held by the entity; or
- (d) a payment by the entity of a reasonable amount to a person, whether or not a member of the entity, for legal, accounting, secretarial or other professional services requested by or given to the entity.

113 Prohibition of disposal of assets etc. of non-proprietary entity

- (1) A non-proprietary entity may not dispose of any of its asset unless—
 - (a) if the asset is an amount comprising the entity's revenues and profits—the amount is applied under section 112(2) or (3); or
 - (b) if the asset is an interest in real property and is used for a purpose mentioned in subsection (2)—the asset is disposed of under that subsection; or
 - (c) if the asset is not an amount mentioned in paragraph (a) or an interest in real property used for a purpose mentioned in subsection (2), the asset is disposed of under—
 - (i) 1 of the relevant control body's policies; or
 - (ii) a written approval of the relevant control body, obtained before the disposal and relating to that asset.
- (2) Despite this Act or another Act, or a law, custom or practice, the entity must not dispose of an interest in real property that is used for the following purposes without the approval of the Minister obtained before the disposal—
 - (a) a licensed venue;
 - (b) a place for exercising, conditioning or training licensed animals.
- (3) An approval given for subsection (2) must be published in the gazette.
- (4) The Minister may, under subsection (2), approve the disposal of an asset that is an interest in real property used for a purpose mentioned in that subsection only if the following happened before the entity sought the Minister's approval—
 - (a) the majority of the entity's members present at a meeting of it approved of the disposal;
 - (b) the relevant control body's approval was obtained.

Queensland Rules of Racing Clubs

L.R.18. Every application for registration of a club shall be accompanied by a statement in writing showing:

- (a) the names of all office bearers connected with the club;
- (b) the course upon which the club proposes to hold race meetings;
- (c) a list of members of the club.

L.R.19. Every registered club shall apply for renewal of registration on or before the first day of July in each year.

L.R.20. The fee for registration or renewal of registration of a club shall be as prescribed by the Principal Racing Authority.

L.R.21. (1) Unless with the express permission of the Principal Racing Authority no Committee of any registered club shall contain more than two licensees as members.

(2) Unless with the express permission of the Principal Racing Authority a licensee shall not hold office as Secretary (whether paid or honorary) of a registered club.

For the purposes of this rule a person holding a permit to train his own horses shall not be deemed to be a licensee.

L.R.22. Every registered club shall forward to the Principal Racing Authority within ninety days after the conclusion of each financial year a Balance Sheet and Profit and Loss Account audited by a person authorised under Section 131(1) of the Act showing the operations of the club for the financial year just concluded.

L.R.22A. Every registered club shall forward to the Principal Racing Authority within thirty days of the date of the Annual General Meeting of that Club:

- (a) a written report on the activities of the Club between the previous Annual General Meeting and that Annual General Meeting;
- (b) a copy of any corporate, strategic, business, or other plan (howsoever entitled) which the Club may have adopted during the period between the previous Annual General Meeting and that Annual General Meeting.

L.R.23. Every registered club shall at such times as the Principal Racing Authority shall determine forward to the Principal Racing Authority a list of the dates on which the club desires to race. Every such application shall set out the name of the racecourse on which the club proposes to hold such meeting or meetings. The Rule shall not confer on any of the said clubs a right or privilege to race on any particular day.

L.R.24. The Committee of a Club intending to conduct race day promotions or novelty events involving usage of the race track or the centre of the race course, must prior to acceptance time for the meeting concerned obtain the permission of the chief steward to do so. Whilst such permission may not be unreasonably withheld, approval may be granted subject to such conditions as the stewards deem appropriate.

L.R.25. A Club conducting a race meeting shall publish in the race book for the meeting details of the betting limits prescribed in L.R. 131 (4).

Appendix I – Statement of Responsibility

Management’s Responsibility for the Engagement

The management of QRL are responsible for the preparation and presentation of Race Clubs in accordance with the signed terms of reference. This responsibility includes establishing and maintaining processes and internal controls relevant to the preparation and presentation of Race Clubs to ensure that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate policies; and making estimates that are reasonable in the circumstances.

Assurance Practitioner’s Responsibility

Our responsibility is to express a conclusion on Race Clubs based on our review. We conducted our review in accordance with Australian Standard on Assurance Engagements ASAE 3000, “*Assurance Engagements Other than Audits or Reviews of Historical Financial Information*,” in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that Race Clubs are not in accordance with the criteria listed above.

A review consists primarily of making enquiries, primarily of persons responsible for the preparation of Race Clubs and their underlying information, applying analytical and other review procedures, and examination of evidence for a small number of transactions or events. A review is substantially less in scope than a reasonable assurance “audit” conducted in accordance with ASAE 3000. Accordingly, we do not express an *audit opinion*. Had we performed a reasonable assurance “audit” as defined by ASAE 3000 or an audit as defined by Australian Standards on Auditing, additional information may have come to our attention, which would have been reported to you.

Inherent Limitations

Our Work is subject to the following limitations:

- Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Our procedures were not designed to detect all weaknesses in control procedures as they were not performed continuously throughout the period and the tests performed are on a sample basis.
- Any projection of the evaluation of the control procedures to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.
- The matters raised in this report are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management’s responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that

may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.

Suggestions for improvement should be assessed by management for their full commercial impact before they are implemented.

Limitations on use

This report is made solely to the management of QRL in accordance with our engagement letter dated March 2009, for the purpose outlined in the signed terms of reference dated 16 March 2009 and should not be quoted in whole or in part without our prior written consent. We disclaim any assumption of responsibility for any reliance on this report to any person other than the management of QRL, or for any purpose other than that for which it was prepared.

We disclaim all liability to any other party for all costs, loss, damages, and liability that the other party might suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party, or the reliance on our report by the other party.

Independence, Competence, and Experience

All professional personnel involved in this engagement have met the independence requirements of the Australian professional accounting bodies. Our team has been drawn from our Risk Services Practice and has the required competencies and experience for this engagement.

Appendix J – Terms of Reference

Purpose & Scope

The scope of our engagement was to review selected Racing Clubs in comparison to the criteria listed in the engagement objectives below.

Engagement Objective

The objective of this engagement was to evaluate Gold Coast Turf Club's financial management operations and framework. The engagement focused on the following areas:

Corporate Governance

- Legislative Compliance
- Business Management Planning
- Internal Control Environment
- Risk Management Plan
- Performance Evaluation and Review

Finance

- Financial reporting, accounting records and accountability
- Club Funding and other revenue
- Capital Expenditure
- Capital Assets
- Cash flow management
- Payroll, including administration costs including staff salary levels, staff numbers (permanent and casual) and staff allowances
- Cash collection and controls on race day through catering, bars, admissions, security, handling, collection and banking
- Credit Cards management (register, policy, limits, delegations)

Methodology

The procedures performed included:

- conducting site visits to the Sunshine Coast Turf Club and Gold Coast Turf Club
- assessing the clubs' existing financial management processes and policies through discussion with key stakeholders and review of existing documentation
- assessing the clubs' strategic direction, organisational structure and reporting lines and responsibilities to determine an appropriate level of governance systems, controls and processes
- comparing the current governance and risk framework against other racing clubs and identify areas for improvements.

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1. CORRECTIVE ACTION SHEET

This is an annexure to the report for completion by the appropriate Gold Coast Turf Club staff member and return to QRL.

	Observation	Priority Rating	Management Response	Person to Complete Action	Date to be Completed	Result Follow-up Audit Date: (Audit use)
LEGISLATIVE COMPLIANCE						
1	While the club's business plan stated that the club has developed a Financial Management Policy and Procedures in December 2008, we acknowledge this is currently still in development stage.		Financial Management Policies and procedures are to be reviewed as part of the on-going Policy and Procedure review process. Where a particular policy is not mentioned in a GCTC document, the Club defers to the QRL FMPM as a guide.	Financial Controller	December 2009	
2	It was noted that no police certificate has been organised for the Chief Executive Officer		A Federal Police Certificate was obtained by KPMG during the CEO recruitment process in 2008. An updated certificate will be obtained for the 2009/10 registration process.	Financial Controller	June 2009	

	Observation	Priority Rating	Management Response	Person to Complete Action	Date to be Completed	Result Follow-up Audit Date: (Audit use)
INTERNAL CONTROL ENVIRONMENT						
3	While the club's business plan stated that the club has developed a Financial Management Policy and Procedures in December 2008, we acknowledge that this is currently still under development		<p>Financial Management Policies and procedures are to be reviewed as part of the on-going Policy and Procedure review process.</p> <p>Where a particular policy is not mentioned in a GCTC document, the Club defers to the QRL FMPM as a guide.</p>	Financial Controller	December 2009	
4	Debtors and creditors listings are not presented in Board meetings. We acknowledge aging of receivables is prepared by the accounts receivable officer and reviewed by the Financial Controller.		<p>Aged debtors summaries are now presented to the Board each month with an explanation of outstanding accounts. It has been determined it is unnecessary to present aged creditors to the Board as all accounts are paid within trading terms.</p> <p>A list of monthly creditors payments is however provided to the Board each month and formal approval of these payments is moved by the Board</p>	Actioned by Financial Controller		

	Observation	Priority Rating	Management Response	Person to Complete Action	Date to be Completed	Result Follow-up Audit Date: (Audit use)
CLUB FUNDING						
5.1	Race day profit-and-loss statements were not available as this was no longer performed since the previous Financial Controller took on the role. During the audit, the race day profit-and-loss was developed for feature race days in 2008 and 2009. Discussion with the Financial Controller revealed that race day profit-and-loss statements will be produced regularly in future.		A raceday profit and loss report has been developed and a sample copy was supplied to the auditors. It will be implemented from the beginning of the 2009/10 financial year.	Financial Controller	30 June 2009	

	Observation	Priority Rating	Management Response	Person to Complete Action	Date to be Completed	Result Follow-up Audit Date: (Audit use)
5.2	We also reviewed the race day cash variances accounts for 2007/08 and 2008/09 financial years to date and noted instances whereby large cash variances were found in the bar and tote reconciliations. This is particularly the case for major race days such as Magic Millions and Melbourne Cup where negative cash variances were incurred for more than \$3,000 (this is less than 1% of the total bar revenue of more than \$475,000).		On our major feature race days we employ a large number of one-off staff for those single days. While all attempts are made to ensure only experienced and trusted staff members have access to tills, this is not always possible and it is highly likely that a margin of "skimming" occurs. The majority of variances however can be explained by till errors – i.e. ringing a sale as \$300 instead of \$30. Efforts to minimise losses in this area are made with improved staff training and selection criteria. Examination of gross margins will also reveal any large variances.	Continue to monitor – Dept Manager and Financial Controller		

	Observation	Priority Rating	Management Response	Person to Complete Action	Date to be Completed	Result Follow-up Audit Date: (Audit use)
5.3	We noted an isolated instance of negative variances in tote reconciliation of more than \$3,000. Discussion with the Financial Controller revealed that this was caused by a tote staff error in keying in the wrong amount to the system in December 2008. The staff member has since been dismissed. We also noted a variance of more than \$2,600 in October 2008 caused by new trainees using the tote system in preparation for the Melbourne Cup.		The loss of \$3,000 was an isolated incident and can be classed as human error. The \$2,600 was also human error that occurred during staff training. Once again, all efforts are made to ensure that skilled tote staff are employed for both regular race days and feature days. Natural attrition results in new and untrained staff often having to work under pressure, which can result in errors. This is particularly true in the case of the Tote where large sums of money change hands. All staff are monitored and their weekly overs and unders are scrutinised to detect any trends that may indicate incompetence or dishonesty	Continue to monitor – Dept Manager and Financial Controller		

	Observation	Priority Rating	Management Response	Person to Complete Action	Date to be Completed	Result Follow-up Audit Date: (Audit use)
CAPITAL EXPENDITURE						
6	<p>The club utilises a legacy version of MYOB (1999) as its fixed assets register. However, we noted that the register does not fully reconcile with the General Ledger in Attaché. There are more than 1,400 fixed asset items recorded in the register. With MYOB being assumed to provide the more accurate data, the Financial Controller has made end-of-financial year adjustments in Attaché to match the asset balances to the fixed asset register balances. We noted plans to migrate all fixed asset data to Attaché's Asset Management module by July 2009.</p>		<p>Asset accounts will be reconciled by the end of the current financial year. It is anticipated that the migration from MYOB to Attaché will take place at the commencement of the new financial year</p>	Financial Controller	31 July 2009	

	Observation	Priority Rating	Management Response	Person to Complete Action	Date to be Completed	Result Follow-up Audit Date: (Audit use)
CAPITAL ASSETS						
7.1	<p>Stock-takes of fixed assets are currently being undertaken by each divisional manager, and co-ordinated by the Financial Controller. Prior to this, stock-takes were not conducted regularly. Regular stock-takes on a rolling basis (per asset category) will be conducted in the future.</p> <p>We noted in our observation that certain fixed asset items may not be identifiable based on the information recorded in the fixed assets register.</p> <p>This is particularly the case for TVs where identical TVs are installed in various locations around the club. We noted that the club is investigating the possible use of barcode scanners to assist with the stock-takes and improve the quality of the data in the asset register.</p>		<p>Departmental Managers have completed a review of the existing asset register and noted those assets that have been disposed of. These will be adjusted in MYOB prior to migration to Attache.</p> <p>Under the new Asset management System, assets locations will be better identified which will simplify the asset stocktake process.</p> <p>Regular rolling stocktakes will be conducted on a regular basis in the future</p>	Financial Controller, Departmental Managers	December 2009	

	Observation	Priority Rating	Management Response	Person to Complete Action	Date to be Completed	Result Follow-up Audit Date: (Audit use)
7.2	Depreciation rates used by the club are recorded against each fixed asset item in the MYOB fixed asset register. Whilst we acknowledge that a "Depreciation Schedule" is referred to in the Expense and Purchasing Policy and Procedures, the schedule had not been developed by the time of our review.		Financial Management Policies and procedures are to be reviewed as part of the on-going Policy and Procedure review process. A Depreciation Schedule will be included in the updated FMPP	Financial Controller	December 2009	
7.3	We noted that assets depreciating daily were set up by the previous Financial Controller. Depreciation rates will be updated when the fixed asset register is migrated to Attaché's Asset Management module by July 2009.		These depreciation rates will be standardised when the Asset management system is migrated from MYOB to Attache	Financial Controller	31 July 2009	
PAYROLL						
9.1	While we noted that the HR Policy and Procedures Manual included guidelines for staff counselling and coaching, no formal staff performance reviews were conducted at the club.		Staff Performance reviews will be implemented for the coming financial year and thereafter will be conducted on an annual basis. As a general rule, reviews will be conducted between September and October each year.	Departmental Managers	November 2009	

	Observation	Priority Rating	Management Response	Person to Complete Action	Date to be Completed	Result Follow-up Audit Date: (Audit use)
9.2	GCTC should ensure employment contracts are available and signed off for all relevant staff.		<p>A reconciliation is currently being conducted on all staff files to identify:</p> <ul style="list-style-type: none"> • Signed contract • Performance Reviews • Position Descriptions • KPI's • Training and qualification register 	Payroll Officer	June 2009	
9.3	The club should ensure that relevant measurable key performance indicators are included in these position descriptions.		See above – to be completed as part of the Employee file review.	Payroll Officer	June 2009	
9.4	The Club should ensure employment contracts are available and signed off for all relevant staff.		See above – to be completed as part of the Employee file review.	Payroll Officer	June 2009	

	Observation	Priority Rating	Management Response	Person to Complete Action	Date to be Completed	Result Follow-up Audit Date: (Audit use)
ACCOUNTING RECORDS						
10.1	<p>In reviewing the 2007/08 ageing of receivables, we noted a total of \$519,301.97 in receivables, with the following breakdown:</p> <ul style="list-style-type: none"> <input type="checkbox"/> 90 Days: \$144,728 (27%) <input type="checkbox"/> 60 Days: \$201,523 (38%) <input type="checkbox"/> 30 Days: \$180,825 (34%) <p>We noted that the aged receivables breakdown has slightly improved in the 2008/09 financial year to date:</p> <ul style="list-style-type: none"> <input type="checkbox"/> 90 Days: \$157,494 (31%) – we noted approximately \$111,000 is currently outstanding payment from QRL in relation to the cost sharing arrangements for the B grass upgrade <input type="checkbox"/> 60 Days: \$28,341 (5%) <input type="checkbox"/> 30 Days: \$311,230 (62%) <p>The club should ensure that all invoices are submitted to customers/suppliers as soon as possible, and all receivables followed up in a timely manner.</p>		<p>The situation has not “slightly” improved but has vastly improved. Removing the QRL invoice from the figures, the results are as follows</p> <p>90 days reduced from \$145K to \$46K or from 27% down to 12%</p> <p>60 days reduced from \$202K to 28K or from 38% to 7%.</p> <p>30 days increased from \$181K to \$311K or from 34% to 81%</p> <p>Debtors are monitored on a weekly basis.</p> <p>Invoices are raised on a weekly basis or as required.</p> <p>Accounts are followed up in a timely manner</p> <p>No further action is required as Accounts receivable process is effective</p>	N/A	N/A	

	Observation	Priority Rating	Management Response	Person to Complete Action	Date to be Completed	Result Follow-up Audit Date: (Audit use)
10.2	<p>The club has two accounts which could be removed from the chart of accounts (in the 2008/09 financial year chart of accounts):</p> <ul style="list-style-type: none"> <input type="checkbox"/> "5185 DO NOT USE – see 3187 AdvProm" <input type="checkbox"/> "5196 DO NOT USE – 3186 Adv & Prom" <p>As discussed with the Financial Controller, these accounts are intended to be removed by the next financial year-end.</p>		As explained to the Auditors, these accounts cannot be removed in this financial year, as they have transactions against them. They will be removed in the next financial year. Note they had been identified and marked for deletion prior to the audit.	Financial Controller	30 June 2009	
CASH COLLECTIONS AND DISBURSEMENTS						
11.1	It is recommended that the GCTC includes an acceptable variance threshold in the Staff Tote Handbook to formalise the consequences of breaches, when a tote operator incurs a material variance at the end of a race day (such as through the issuance of written warnings).		A policy will be drafted and included in an updated Tote Staff Handbook.	Tote manager / Financial Controller	30 June 2009	
11.2	Petty cash was not regularly verified by surprise counts by the Financial Controller		Financial Controller to conduct surprise count of petty cash on at least a bi-monthly basis	Financial Controller	Commencing June 2009	

	Observation	Priority Rating	Management Response	Person to Complete Action	Date to be Completed	Result Follow-up Audit Date: (Audit use)
11.3	The club did not have a documented policy in regard to the acceptable use of credit cards, delegated limits and the review/approval process of credit card statements. The Chairman's limit seems very high.		The updated Financial management Policies and Procedures will include a policy on acceptable use of credit cards, delegated limits. Chairman's limit will be reviewed.	Financial Controller	December 2009	
11.4	It was noted that some credit card statements were not signed by both the credit card holder and the reviewer		All credit card statements to be reviewed and signed by both card holder and the reviewer on a monthly basis	Financial Controller	May 2009	

AUDIT COMMITTEE PAPER NUMBER: 4
Internal Audit Plan FY 2009/2010

PURPOSE:

To provide the Committee with the draft proposed 2009-2010 to 2010-2011 Internal Audit program.

BACKGROUND AND ISSUES:

Internal audit is a key component of good corporate governance. QRL is particularly aware of the need to illustrate to industry and the public that good governance processes are in place and that they operate within a transparent and robust framework which are ultimately supported by management policies and practices, strong external audit and a focused, risk driven internal audit function.

QRL is the Control Body established by, and obtaining its objects and functions from, the *Racing Act 2002* and its Constitution. QRL is required to conduct its financial activities with probity and accountability, in accordance with the Corporations Act 2001, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission (ASIC). The Internal Audit Function is an important part of the QRL Business Plan and provides assurance to the Board of QRL and its stakeholders that management and staff have effective controls, policies and procedures in place.

The Internal Audit Plan is focused on those areas where risks are high and controls are critical. This will enable the Internal Auditors to provide the Board of QRL with feedback on both the effectiveness of these controls, and where improvements and efficiencies can be considered in the most important areas.

1. A Draft Strategic Internal Audit Plan for the Year Ended 30 June 2010. To assist with budgeting and developing the strategic plan a 2 year draft internal audit plan has been developed. Key areas have been identified as per attached.

The following was also considered in the preparation of the plan:

- the QRL risk register
 - existing risk mitigation strategies in operation
 - Audits previously completed.
 - New processes
2. The risks identified by QRL in the May 2007 Strategic Workshop has been considered for inclusion in the internal audit plan where appropriate.
 3. The plan is to assist with discussion and for the Committee to agree on the key areas to be focused on in FY09/10.

OPTIONS:

Not Applicable

FINANCIAL IMPACT:

The fraud review of 6 days was deferred from FY08/09 to FY09/10.
It will be very important for the new process for Race Fields Information to be audited in detail and provide advice of any business process improvements.

Deloitte's estimated number of days to complete the Internal Audit is 56 days for FY09/10 at total estimated cost per day \$1,490 (excl GST) totalling \$83,440 for the year.

LEGAL IMPLICATIONS:

Not Applicable

STAFF IMPLICATIONS:

Not Applicable

OTHER STAKEHOLDER IMPACTS:

Not Applicable

COMMUNICATION STRATEGY:

Not Applicable

DECISION REQUIRED

For the Audit Committee's discussion and to approve the attached Internal Audit Program for the 2009-2010 year with the final detailed Internal Audit Plan to be approved at the 6 August 2009 Audit Committee meeting.



Adam Carter
FINANCE MANAGER

Queensland Racing Limited (QRL)

Strategic Internal Audit Plan for 2009-2011

June 2009

DRAFT

Mr Adam Carter
Finance Manager
Queensland Racing Limited
PO Box 63 Sandgate QLD 4017

5 June 2009

Dear Adam,

Re: Strategic Internal Audit Plan for 2009-2011

We are pleased to provide you with our Draft strategic internal audit plan for 2009 – 2011. We are looking forward to working with you in the upcoming year. Please sign below where indicated to accept this plan. Our standard terms and conditions will continue to apply, as agreed to in prior years.

Kind Regards

Carl Gerrard
Partner

Acceptance

I, Adam Carter, Finance Manager of Queensland Racing Limited, accept the Strategic Internal Audit Plan for 2009 - 2011.

.....
Signature

.....
Date

Contents

1	Building the Strategic Internal Audit Plan	1
	1.1 Corporate Governance Considerations	1
	1.2 Risk Assessment Process	1
	1.3 Developing the Strategic Internal Audit Plan	1
	1.4 Administrative matters	2
2	2008-2011 Strategic Internal Audit Plan	3
	2.1 Timing of Engagements for 2008- 2011	3
3	2008-09 Internal Audit Plan	5
	3.1 Proposed Timings	5
4.	Detailed 2008-2009 Internal Audit Plan	6

DRAFT

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1 Building the Strategic Internal Audit Plan

Deloitte Touche Tohmatsu (“Deloitte”) is pleased to submit the Strategic Internal Audit Plan for review and approval by the Audit Committee (AC), in particular the 2008-2009 annual internal audit plan.

The plan has been designed to focus on key risk areas including fraud control and compliance with internal policies.

1.1 Corporate Governance Considerations

Internal audit is a key component of good corporate governance. QRL is particularly aware of the need to illustrate to industry and the public that good governance processes are in place and that they operate within a transparent and robust framework which are ultimately supported by management policies and practices, strong external audit and a focused, risk driven internal audit function.

The Internal Audit Plan is focused on those areas where risks are high and controls are critical. This will enable us to provide management with feedback on both the effectiveness of these controls, and where improvements and efficiencies can be considered in the most important areas.

1.2 Risk Assessment Process

QRL has implemented a formal risk management process based on the principles of the Australian/New Zealand Standard AS/NZS 4360:2004 on risk management. This process enables QRL to identify and analyse risks using an agreed company wide measure and then develop treatment plans to mitigate residual risks as required. Our discussions with QRL management have included consideration of the key risks in QRL’s risk register in developing the 2008-09 audit engagements.

1.3 Developing the Strategic Internal Audit Plan

The plan was developed in conjunction with the Finance Manager and initial feedback from the Audit Committee. The following was also considered in the preparation of our plan:

- the QRL risk register
- existing risk mitigation strategies in operation
- information provided to us by QRL
- our prior knowledge of the racing industry
- audits previously completed.

As is our usual practice, we will agree full details of our audit scope for each area with QRL management prior to conducting fieldwork. The Strategic Internal Audit Plan is to be reviewed

annually in line with QRL's risk assessment and discussions with management so that any necessary adjustments can be made.

1.4 Administrative matters

1.4.1 Timing

It is proposed that the Internal Audit engagements will be completed in accordance with the timing stipulated in Section 2, as agreed between Deloitte and QRL. All changes to timing stipulated in Section 2 will be reported to the AC.

1.4.2 Days

Our consulting days are estimates only based on information gathered to date. Exact days and fees may vary following finalisation of each detailed project scope. Any variations will be agreed with relevant management in conjunction with QRL sign-off and will be reported to the Audit Committee.

1.4.3 Key Personnel

All internal audit matters will be coordinated through Adam Carter, Finance Manager. Mr. Carl Gerrard, the client service partner for QRL, is responsible for the quality of our internal audit work. Mr Jason Swemmer, Manager in our Internal Audit division, will oversee the day to day delivery of the internal audit engagements and supervise Deloitte personnel scheduled for the audits. Carl will attend Audit Committee meetings as required.

1.4.4 Relevant Auditing Standards

All procedures will be designed to provide limited assurance, as defined by ASAE 3000. Our procedures will be limited primarily to inquiries of relevant personnel, inspection of evidence, and observation of, and enquiry about, the operation of procedures for a small number of transactions or events.

1.4.5 Fees

Our fees will be based on a daily rate of \$1,490 exclusive of GST. We will charge you, at cost, for all other expenses we incur in executing the Internal Audit Plan.

2 2009-2011 Strategic Internal Audit Plan

2.1 Timing of Engagements for 2009 - 2011

The internal audit engagements listed below have been discussed with QRL management.

No	Audit Area	Standard	2008-09 (Done)	2009-10	2010-11	Budgeted Days
1.	Revenue	ASAE 3000			5	5
2.	Payroll Processing	ASAE 3000	5		5	10
3.	Receivables	ASAE 3000		5		5
4.	Fraud Prevention and Detection (Including Fraud Policy compliance)	ASAE 3000		6	4	10
5.	Capital Planning	ASAE 3000		7		7
6.	HR Policies and Procedures	ASAE 3000	5		5	10
7.	Employee Entitlements	ASAE 3000	5			5
8.	Club FMPM	ASAE 3000	7			7
9.	General Computer and Network Controls	ASAE 3000		7		5
10.	Purchasing	ASAE 3000	5		5	10
11.	Fixed Asset Management	ASAE 3000		7		5
12.	Document Security, Records Management and Confidentiality of Information	ASAE 3000	5			5
13.	Technology - RISA	ASAE 3000			5	10
14.	Third Party Agreements (Science Centre, drug testing, vets, Unitab)	ASAE 3000		7		5
15.	Information Security	ASAE 3000			5	5
16.	Racefields legislation	ASAE 3000		7		
17.	Follow up of prior recommendations and findings	ASAE 3000		5		5
18.	Attendance at audit and risk committee meetings	N/A	1			1
19.	Preparation of 2008/11 strategic internal audit plan	N/A	3	1	1	5

20.	Administration	N/A	3	3	3	9
21.	Review of Internal Audit Plan	N/A		1	1	2
TOTAL DAYS			39	56	39	



3 2009-10 Internal Audit Plan

3.1 Proposed Timings

Our proposed timing for completion of the 2009-10 internal audit plan is as follows:

No	Audit Area	Proposed timing											
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
1.	Receivables												✓
2.	Fraud Prevention and Detection (Including Fraud Policy compliance)					✓							
3.	Capital Planning					✓							
4.	General Computer and Network Controls				✓								
5.	Fixed Asset Management		✓										
6.	Racefields Legislation						✓						
7.	Third- Party Agreements									✓			
8.	Follow-up										✓		

4. Detailed 2009-2010 Internal Audit Plan

The following table provides high-level guidance over the nature of the internal audits to be completed to 30 June 2010:

Fraud Prevention and Detection

In conducting this engagement we will interview key stakeholders at QRL's site to gain an understanding of the processes. We will take a risk-based approach in our testing, by focussing on the fraud control and process changes as well as our assessment of the design of controls by:

- assessing the Fraud Prevention Policy and any other procedure documentation for compliance in general
- determining whether or not the Policy has been complied with where breaches have been detected, and the escalation process, including the documenting thereof
- evaluating the above in terms of best practice such as the Crime and Misconduct Commission (CMC) guidelines

Capital Planning

The engagement will look at the overall capital plan for QRL and the consolidation process for the club capital plans, specifically looking at the processes around:

- capital budgeting
- repaying debt obligation
- evaluating optimal sources and cost of finance
- legal capital requirements
- capital structure and debt/equity financing
- optimising capital structure

Follow-up

The biennial follow-up regarding progress on the management undertakings in response to the significant and important audit findings on all the reviews over the past 2 years.

General Computer and Network Controls

The general computer and network controls audit is required to provide reasonable assurance that controls are in place within the computer processing environment that allow reliance on the accuracy of the financial information being created.

Racefields Legislation

TBD

Fixed Asset Management

The engagement will focus on QRL's key fixed asset management processes, detailed as follows:

- acquisition of fixed assets including the approval of acquisitions by an appropriate delegate
- disposal of fixed assets including, the method of disposal and approval by an appropriate delegate
- safeguarding of fixed assets, including asset identification, physical security and periodic stock takes
- maintenance of fixed assets register including complete and accurate recording of acquisitions, transfers, disposals and depreciation
- periodic reconciliation of fixed assets.

The above key processes will be evaluated against the QRL's Financial Management Practices Manual and other relevant policies and procedures regarding the fixed asset function.

Receivables

The engagement will involve the following:

assessing the key controls procedures operating in respect of the receivables process

based on a sample of source documents, assessing whether receipts are timely and accurately recorded in the general ledger

an assessment of the adequacy and effectiveness of the control environment operating over the receivables procedures.

Third-Party Agreements

This review will assess the existence and legitimacy of third-party suppliers, the agreements in place to govern relations with these, and the compliance of these relations and agreements with the company's policies and procedures, as well as with legislation.

QUEENSLAND RACING LIMITED
STRATEGIC INTERNAL AUDIT PLAN FY09/10 TO FY10/11

No	Audit Area	2006-07	2007-08	2008-09 (Done)	2009-10	2010-11
1.	Revenue					5
2.	Payroll Processing			5		5
3.	Receivables				5	
4.	Fraud Prevention and Detection (Including Fraud Policy compliance)				6	4
5.	Capital Planning				7	
6.	HR Policies and Procedures			5		5
7.	Employee Entitlements			5		
8.	Club FMPM			7		
9.	General Computer and Network Controls				7	
10.	Purchasing			5		5
11.	Fixed Asset Management				7	
12.	Document Security, Records Management and Confidentiality of Information			5		
13.	Technology - RISA					5
14.	Third Party Agreements (Science Centre, drug testing, vets, UniTAB)				7	
15.	Information Security					5
16.	Racefields Legislation				7	
17.	Follow up of prior recommendations and findings				5	
18.	Attendance at audit and risk committee meetings			1		
19.	Preparation of 2008/11 strategic internal audit plan			3	1	1
20.	Administration			3	3	3
21.	Review of Internal Audit Plan				1	1
TOTAL DAYS		57	49	39	56	39

CPI						4%				
Estimated Cost Per Day	\$	1,295	\$	1,350	\$	1,400	\$	1,490	\$	1,550
Total Cost	\$	73,815	\$	66,150	\$	54,639	\$	83,440	\$	60,434

AUDIT COMMITTEE PAPER NUMBER: 5
TAB and Non TAB Club Corporate Governance and Financial Assessment
Plan FY09/10 - Deloitte Reviews

PURPOSE:

The purpose of this paper is to update the Audit Committee on the proposed Deloitte review of the strategic 28 non-TAB clubs over the forthcoming four years and TAB clubs follow up assessments.

BACKGROUND AND ISSUES:

During the 2005 calendar year each of the 9 TAB venue clubs had Deloitte undertake a review of their activities. This program was expanded to include the major non-TAB clubs and where applicable any non-TAB clubs identified through either continual or current unfavourable performance financially or concerns over the administration or management of the club.

The Deloitte engagement comprises of reviewing the club's corporate governance and financial management frameworks. The program covers two primary focus areas:

1.1 Corporate Governance

- Legislative Compliance
- Business Planning
- Internal Control Environment
- Risk Management
- Performance Evaluation and Review

1.2 Finance

- Financial Reporting and Accountability
- Club Funding and Other Revenue
- Expenditure
- Capital Assets
- Payroll
- Accounting Records

QRL continues to target improvements in business practices and accountability within race Clubs as a key strategic initiative for the best interests of the industry.

The table overleaf, is a summary of the results of all the non-TAB clubs assessed to date. Ratings are based on observations made during the engagement and sample testing.

Focus Area	Gladstone May-07	Cairns Jun-07	Kilcoy Nov-07	Dalby Nov-07	Longreach Nov-07	Lockyer Nov-07	Mt Isa Mar-08	Innisfail Nov-08	Charleville Nov-08	Beau-desert Nov-08	Bundaberg Nov-08	Emerald Nov-08
Corporate Governance												
Legislative Compliance	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Green	Red	Red	Yellow	Yellow
Business Planning	Red	Yellow	Red	Red	Yellow	Red	Red	Yellow	Red	Red	Yellow	Yellow
Internal Control Environment	Red	Red	Red	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Yellow
Risk Management	Red	Yellow	Red	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Yellow
Performance Evaluation and Review	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Yellow
Finance Operations												
Financial reporting and accountability	Red	Yellow	Yellow	Green	Green	Yellow	Red	Yellow	Yellow	Yellow	Green	Yellow
Club Funding	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Green	Green	Yellow	Yellow	Yellow
Expenditure	Red	Red	Red	Yellow	Yellow	Yellow	Red	Yellow	Green	Green	Yellow	Green
Capital Assets	Red	Red	Yellow	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Yellow
Payroll	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Green	Yellow	Yellow
Accounting Records	Red	Yellow	Red	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Yellow
Cash Collection and Disbursements	n/a	n/a	Red	Yellow	Yellow	Red	Red	Yellow	Yellow	Yellow	Red	Yellow

	A small number of compliance weaknesses / opportunities for improvement identified.
	Several compliance weaknesses of concern identified.
	Poorly controlled - significant weaknesses in compliance identified.

The following table identifies the remaining strategic non-TAB clubs yet to have a review undertaken by Deloitte. The proposed review dates have been identified based on the number of race meeting scheduled and their financial history.

Clubs not yet reviewed by Deloitte	Number of Meetings		Financial Profit/ (Loss)			Year Deloitte Review to be Performed			
	FY 08/09	FY 09/10	FY0506	FY0607	FY0708	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Atherton Turf Club	7	8	13,047	18,833	25,002	Y			
Barcaldine Race Club	5	7	4,063	(8,621)	12,524			Y	
Barcoo Amateur Race Club	4	5	1,719	9,684	20,814		Y		
Bowen Turf Club	3	4	33,259	52,923	(3,240)				Y
Burdekin Race Club	7	5	(10,570)	71,846	55,863		Y		
Charters Towers Amateur Race Club	1	1	13,987	17,621	4,490			Y	
Chinchilla Race Club	3	4	21,056	13,086	(3,840)			Y	
Cloncurry & Districts Race Club	5	5	16,596	11,622	90,523			Y	
Cunnamulla & District Diggers Race Club	4	4	16,480	(7,101)	(844)		Y		
Goondiwindi Race Club	5	5	20,439	(8,108)	62,038	Y			
Gympie Turf Club	8	8	55,414	40,284	67,578	Y			
Julia Creek Race Club	2	4	4,267	20,647	2,226			Y	
Nanango Race Club	6	6	5,334	5,234	7,019	Y			
Richmond Turf Club	4	4	15,893	8,711	62,658				Y
Roma Turf Club	7	7	1,806	(13,457)	122,230	Y			
Thangool Race Club	8	7	3,370	(10,197)	24,892		Y		
Warwick Turf Club	6	6	51,155	(2,929)	5,734		Y		
Total Clubs to be Reviewed						5	5	5	2

TAB Club Assessments	Financial Profit/ (Loss)							
	Year Deloitte Review to be Performed							
	FY0506	FY0607	FY0708	FY0809	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Brisbane Racing Club (QTC and BTC)	Y				Y		Y	
Gold Coast Turf Club	Y		Y	Y			Y	
Toowoomba Turf Club	Y		Y		Y			Y
Rockhampton Jockey Club	Y						Y	
Ipswich Turf Club	Y				Y			Y
Mackay Turf Club	Y		Y			Y		
Townsville Turf Club	Y		Y	Y		Y		
Sunshine Coast Turf Club	Y			Y		Y		
Total Clubs to be Reviewed	8	N/a	3	3	3	3	3	2

FINANCIAL IMPACT

To ensure the viability of the racing industry throughout Queensland, it is important to assess each club's corporate governance and financial procedures against standard terms of reference to ensure clubs are performing at a minimum acceptable level. Identifying weaknesses in controls systems at an early stage, enables the clubs to work towards implementing mitigating controls for their processes. Potential weaknesses can be indicators of fraud or theft.

FY09/10 impact and each to increase by CPI approximately 3%

Non TAB Club – 5 days x \$1,490 = \$7,450 x 5 clubs = \$37,250

TAB Club – 10 days x \$1,490 = \$14,900 x 3 clubs = \$44,700

LEGAL IMPLICATIONS:

N/A

STAFF IMPLICATIONS:

N/A

OTHER STAKEHOLDER IMPACTS:

N/A

COMMUNICATION STRATEGY:

Once the review timeline has been approved by the Audit Committee, a detailed timing plan will be agreed with Deloitte. Each club to be reviewed will receive both written and verbal communications prior to the review.

DECISION REQUIRED

To seek the audit committee approval to perform an assessment of the following Non TAB clubs in FY0910.

1. Atherton
2. Goondiwindi
3. Gympie
4. Nanango
5. Roma

To seek the audit committee approval to perform a follow up assessment of the following Non TAB club in FY0910 as the last review was in June 2007.

1. Cairns Jockey Club

To seek the audit committee approval to perform a follow up assessment of the following TAB clubs in FY0910 and in principal approval of the TAB assessment plan until FY12/13.

1. Brisbane Racing Club
2. Toowoomba Turf Club
3. Ipswich Turf Club



ADAM CARTER

Finance Manager

Actioning Officer: Ron Mathofer, Business Analyst

AUDIT COMMITTEE PAPER NUMBER: 6
Internal Audit Update – Payroll Processing Review

PURPOSE:

To provide the Committee the Internal Audit review of the QRL Payroll Policies and issues highlighted by Deloitte's and to enable further discussion.

BACKGROUND AND ISSUES:

As part of the internal audit plan for FY08/09, Deloitte were asked to conduct a review of the QRL Payroll Policies and advise on business improvement opportunities.

The draft report with management comments as at June 19, 2009 is attached for reference for detailed key findings and management comments

The engagement objective was to evaluate selected controls taking into consideration as to whether the controls have been adequately designed, communicated and are operational where appropriate.

The review areas included:

- Payroll calculations (including changes and issuances)
- Compliance with policies and procedures
- Assessing controls over access restrictions to the payroll system
- Testing a random sample of employees and payroll adjustments including additions, deletions, modifications and payroll disbursements
- Maintenance of the payroll master files.

A summary of the findings are:

	Finding	Importance Level	Status since Audit
1	Consistency in employee terminations	Important	Underway – To be finalised by July 2009
2	New employee payment details	Minor	Completed
3	Updating of policies and procedures	Minor	Underway – To be finalised by July 2009

	Minor - Minimal opportunities for improvement identified.
	Minor - A small number of minor control weaknesses / opportunities for improvement identified.
	Important - Several control weaknesses of concern identified.
	Significant - Significant control weaknesses found in a number of areas.
	Significant – Poorly controlled. Pervasive, significant weaknesses in controls identified.

Finance will work with the QRL management team to address the recommendations and incorporate these into QRL's existing policies.

OPTIONS:

Not applicable.

FINANCIAL IMPACT:

5 Days at \$1,420 per day = \$7,100

LEGAL IMPLICATIONS:

Not Applicable

STAFF IMPLICATIONS:

Not Applicable

OTHER STAKEHOLDER IMPACTS:

Not Applicable

COMMUNICATION STRATEGY:

It will be important that QRL communicates the any changes to payroll policies and procedures effectively and consistently to all staff by way of email, letters to employees, placed on intranet and training workshops to be held for the new policies and procedures to be embraced.

DECISION REQUIRED

To be noted by the Audit Committee with an update of action items to be provided at the September 2009 meeting.



Adam Carter
FINANCE MANAGER

Queensland Racing
Payroll Processing
June 2009

Mr Adam Carter
Finance Manager
Queensland Racing
PO Box 63
Sandgate QLD 4017

2 June 2009

Our Ref: 26

Dear Adam,

Re: Queensland Racing Limited Payroll Processing Internal Audit

Please find attached our report relating to our recently completed internal audit of Queensland Racing's payroll processing functions.

If you have any questions or wish to discuss any findings in the report, please contact me on (07) 3308 7046 or Jason Swemmer on (07) 3308 7102.

Yours sincerely

Carl Gerrard
Partner

Contents

1	Executive Summary	5
	1.1 Introduction	5
	1.2 Background	5
	1.3 Key Findings	5
	1.4 Procedures Performed	6
	1.5 Engagement Rating	6
	1.6 Conclusion	7
2	Detailed Findings	8
	2.1 Consistency in Employee Terminations (Important)	8
	2.2 New Employee Payment Details (Minor)	10
	2.3 Policies and Procedures require updating (Minor)	11
	Appendix A – Payroll Process Maps	12
	Appendix B – Statement of Responsibility	15
	Appendix C – Terms of Reference	17

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1 Executive Summary

1.1 Introduction

As part of the Internal Audit Services provided to Queensland Racing Limited (QRL), Deloitte has undertaken an internal audit of QRL's payroll process.

The engagement was performed in accordance with Australian Standard on Assurance Engagements ASAE 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information."

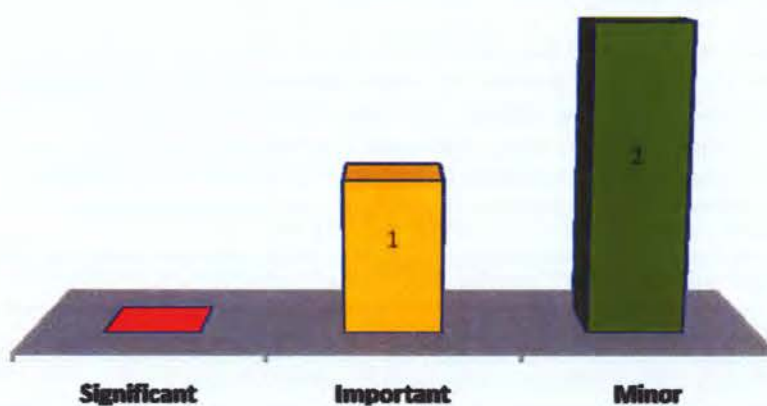
Further information in relation to the extent of the procedures performed and the scope of our engagement is detailed in Appendix C – Terms of Reference and Appendix B – Statement of Responsibility, respectively.

1.2 Background

QRL use the Micropay system for their payroll processing. Our engagement focussed on evaluating whether selected controls had been adequately designed, communicated and operational, where appropriate.

1.3 Key Findings

Our detailed findings and suggestions for improvement are included in the following section of this report. To enable management to set priorities on their action plans we have reported our findings in three categories, namely **significant**, **important** and **minor** based on our assessment of the importance of each finding.



2.1	Consistency in Employee Terminations	Important
2.2	New Employee Payment Details	Minor
2.3	Policies and Procedures require updating	Minor

1.4 Procedures Performed

To meet our objectives we performed the following:

- developed an understanding of the payroll process and determined the associated risk through discussions with relevant officers, reviewing policy and procedure manuals and walkthrough of the payroll process
- documented key processes and control procedures applicable to the payroll process under assessment
- performed sample testing of employees and payroll adjustments including additions, deletions, modifications and payroll disbursements
- reviewed payroll master file maintenance
- inspected appropriate documentation over the payroll process
- prepared recommendations/agreed action plans to improve controls where required
- discussed findings with prevalent engagement sponsors and accountable personnel

In addition, we have updated the payroll process maps to reflect recent changes made to the payroll process. The controls surrounding the processes and the improvement opportunities identified have also been highlighted in Appendix A. The process maps include:

- addition of new employee process
- employee termination process
- monthly pay run process

1.5 Engagement Rating

Based on the scope of our engagement, QRL’s performance relevant to employee entitlements is outlined below. This rating is based on observations made during the engagement, and these observations may have been limited by the scope of the work performed. This rating is intended to assist QRL’s senior management and the Audit Committee to focus on the areas of greatest concern, and does not represent an “Assurance Conclusion” as defined by ASAE 3000.

■	Minimal opportunities for improvement identified.
■	A small number of minor control weaknesses / opportunities for improvement identified.
■	Several control weaknesses of concern identified.
■	Significant control weaknesses found in a number of areas.
■	Poorly controlled. Pervasive, significant weaknesses in controls identified.

1.5.1 Overall engagement rating

Overall payroll engagement rating



1.5.2 Individual control objective ratings and summary

Payroll calculations and charges are accurate, and are adequately supported



Payroll data reconciles with general ledger



Payroll data is secure



1.6 Conclusion

Based on our review, which is not an audit, nothing has come to our attention to indicate that, in all material respects, internal controls over payroll processing are not appropriately designed, and have not operated effectively over the 2008-09 finance year in accordance based on the criteria set out in the Terms of Reference in Appendix C of our report.

Deloitte Touche Tohmatsu

June 2009

2 Detailed Findings

2.1 Consistency in Employee Terminations (Important)

2.1.1 Finding

We selected ten terminated employees and found seven instances where the Employee Termination Calculation Sheet had not been used to determine the employee's final payment.

Discussions with the Senior Finance Officer indicated that the Employee Termination Calculation Sheet is not used where the termination calculation is simple to calculate i.e. the final payment only includes salary and annual leave entitlements. Further, the employee termination process has not been formalised in the payroll procedures.

We acknowledge that all termination calculations, irrespective of whether the employee termination calculation sheet is used, require approval from the Finance Manager.

We also found one instance where the employee's resignation letter was not included in their personnel file. We understand this was an operator oversight and has subsequently been included in the employee's file.

2.1.2 Implications

- Inconsistencies in the approach used to terminate employees increase the risk that employees are not appropriately and timeously removed from the payroll master file. In addition, the lack of procedures increases the risk that future employees may be unaware of the procedures required to terminate employees.
- The lack of supporting documentation increases the risk that deletions represent invalid terminations.

2.1.3 Recommendation

We recommend that QRL adopt a consistent approach when terminating employees' services by using the 'Employee Termination Calculation Sheet' for all staff who have resigned.

Further, we recommend that the finance procedures required to terminate an employee's services be formally documented in a procedure. The procedures should specify the documentation which needs to be stored in the personnel file to support the termination.

2.1.4 Management Response

No	of Action	Person Responsible	Date for Completion
1.	Management acknowledges the need for formal procedures for terminating employees in the QRL format. QRL currently uses the Meridian user guide to refer to for terminations, this will be formally documented.	Murray Dyke\Kees Van Der Waal	July 2009
2.	Management believes that not all terminations need to be treated the same. Complex terminations involving LSL or redundancies will require extra calculations, hence the need for excel	Murray Dyke	Done

Deloitte: Payroll Processing

<p>spreadsheets that require sign offs. Others classes of employee, such as casual employees, are straight forward entitlement terminations. It is noted that formalised procedures should note the required documentation and note that this documentation is to be maintained on the terminated employee's record. This will be formally documented.</p>		
--	--	--

2.2 New Employee Payment Details (Minor)

2.2.1 Finding

For each new employee, QRL are required to complete a 'Staff Remuneration' form to detail the Salary Package of the employee. This document is completed by the Hiring Officer and the Senior Finance Officer, and signed by the employee. The Hiring Officer, Senior Finance Officer and Finance Manager are required to check the form and sign the document. In total, there should be four signatures on the Staff Remuneration form.

We selected ten new employees and found two instances where the form had not been signed by the employee and the hiring officer. This was for employees:

- Ian Dank Brown (Employee No - 10826).
- Travis Charles Quick (Employee No - 10836)

Only the Finance Payroll – Senior Finance Officer personnel and the Finance Manager had signed the Staff Remuneration Form.

2.2.2 Implication

The lack of approval increases the risk of invalid employees being added to the payroll master file. Payroll may also be incorrectly recorded for the employee impacting on their salary amounts.

2.2.3 Recommendation

We recommend that QRL reiterate the requirement to obtain the employee's and hiring officer's signature prior to entering the information into Micropay. Further, the checks performed by the Finance Payroll Officer and the Finance Manager should not occur until after the employee has signed the form.

2.2.4 Management Response

No	Description of Action	Person Responsible	Date for Completion
1.	Management believes the approval process is sufficient in the current form. The hiring officer and employee both sign the letter of employment prior to the employee commencing work, which accompanies the employees records. This form is used mainly in Finance for internal payroll purposes but where possible the hiring officer and employee sign. There is also difficulty with employees based in the regions being available to sign. The new employee checklist includes the letter of offer which is checked to the employee master file. This form will be reviewed for relevancy.	Murray Dyke\ Kees Van Der Waal	July 2009

2.3 Policies and Procedures require updating (Minor)

We noted that QRL has developed a number of policy and procedure documents to support the payroll process. In particular, the 'Payroll Procedure', version 1.07 dated 11 May 2009 outlines the key steps required to complete the monthly payroll process. However, we noted that the following payroll functions had not been documented in any payroll procedures:

- employee termination process
- end of financial year processes including:
 - review of payroll master file process
 - update of tax withholding tables process
- treatment of employees when operating in a temporary higher position

This is of particular importance as during our payroll calculation testing, we identified one employee (Hollie Roberts) operating on higher duties; however the superannuation contribution amount did not reflect the higher duties. We understand this was caused by the 'eligibility for super' tick mark not being selected when the higher duties were added as an addition before tax.

2.3.1 Implication

The lack of documented policies and procedures may result in an inconsistent approach to managing the payroll process. In addition, future employees responsible for the management of the payroll process may be unaware of the procedures required to fully comply with the payroll process.

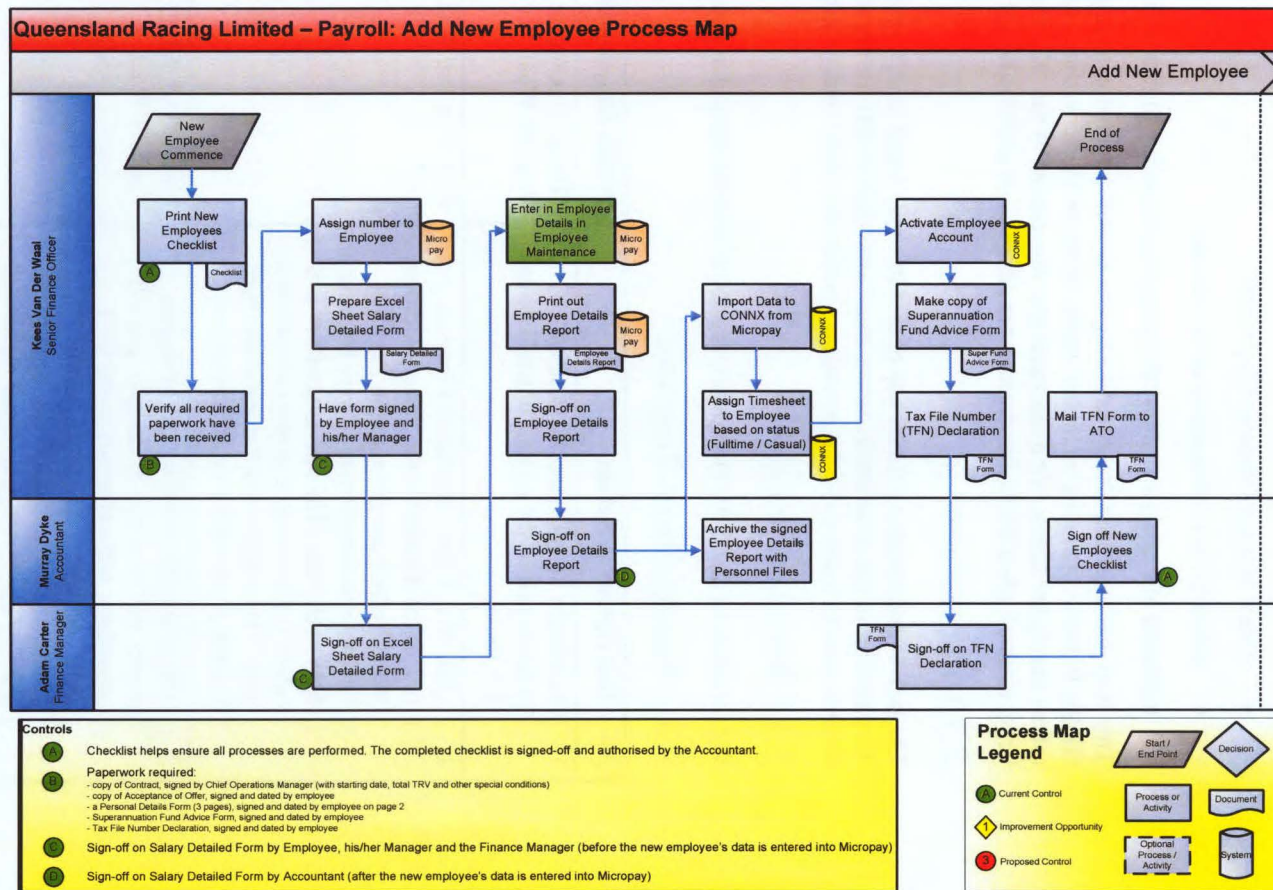
2.3.2 Recommendation

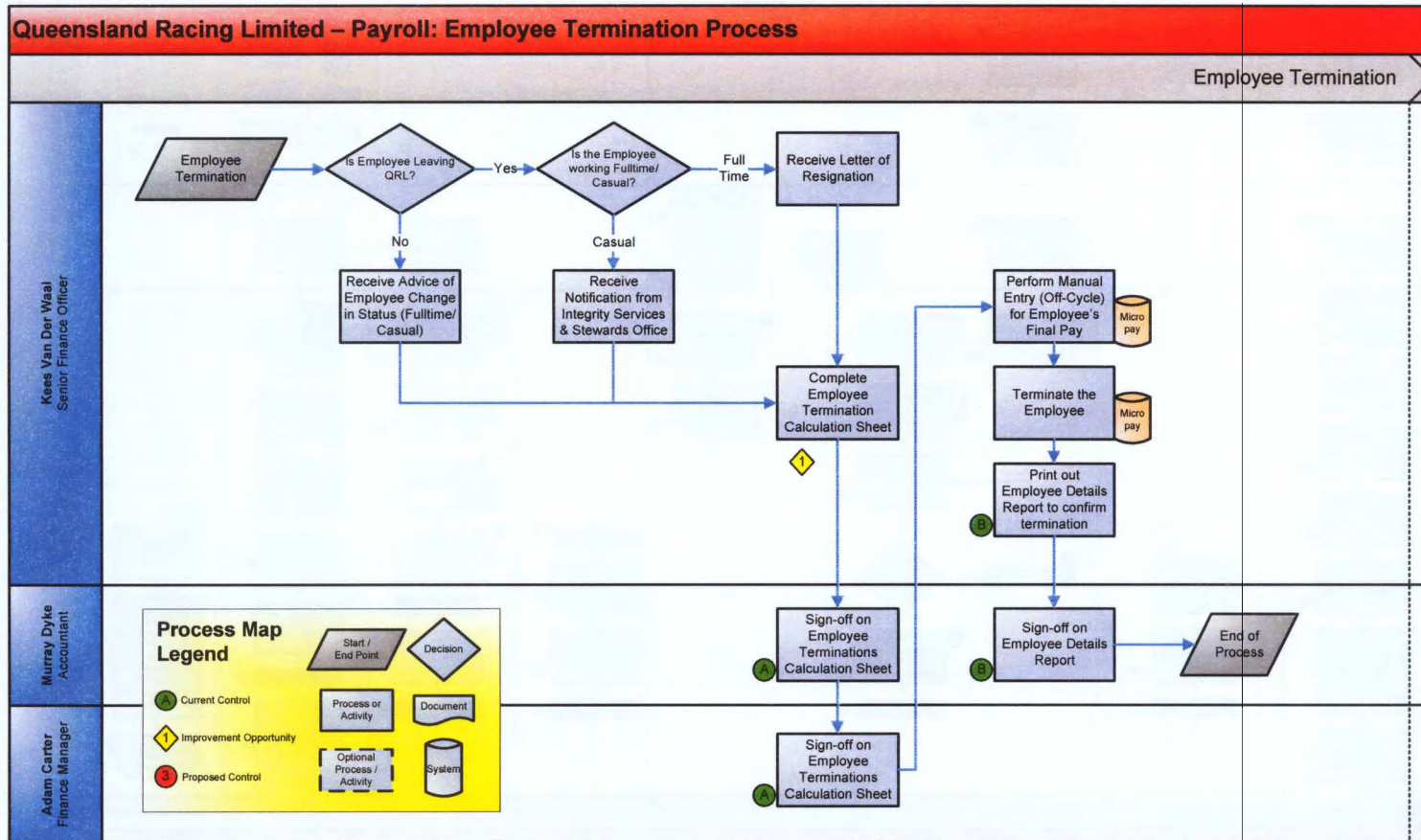
We recommend that QRL incorporate the above-listed aspects in a payroll procedural document.

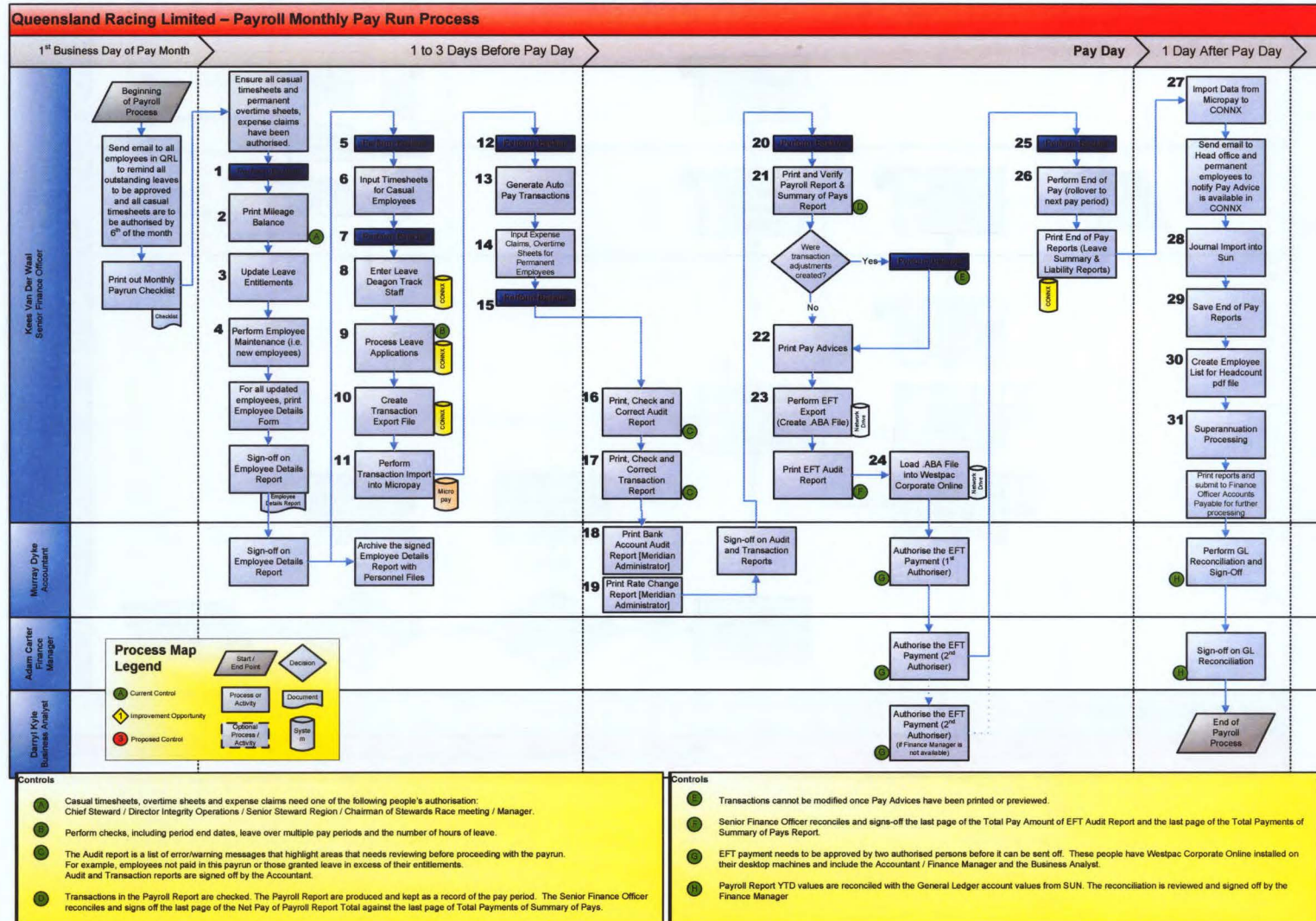
2.3.3 Management Response

No	Description of Action	Person Responsible	Date for Completion
1.	Employee Termination Process will become part of the payroll procedures as in 2.1 above	Murray Dyke\Kees Van Der Waal	July 2009
2.	QRL does follow the end of Financial year process as directed in the "Sage Micropay Notes" which are given to the Payroll Officer who attends end of year training in May each year. The updating of the Tax tables is also covered at this training each year. This process will be noted and high lighted in the QRL payroll procedures.	Kees Van Der Waal	July 2009
3.	The treatment of employees on higher duties will be added to the QRL payroll procedure, with reference to the QRL policy on higher duties. The error mentioned above has already been fixed and any employee paid higher duties will have super calculated correctly from now on.	Murray Dyke\Kees Van Der Waal	July 2009

Appendix A – Payroll Process Maps







Appendix B – Statement of Responsibility

Management’s Responsibility for the engagement

The management of Queensland Racing Limited are responsible for the preparation and presentation of the payroll processing in accordance with signed terms of reference. This responsibility includes establishing and maintaining processes and internal controls relevant to the preparation and presentation of the payroll processing to ensure that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate policies; and making estimates that are reasonable in the circumstances.

Assurance Practitioner’s Responsibility

Our responsibility is to express a conclusion on payroll processing based on our review. We conducted our review in accordance with Australian Standard on Assurance Engagements ASAE 3000, “*Assurance Engagements Other than Audits or Reviews of Historical Financial Information*,” in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that payroll processing is not in accordance with the criteria listed above.

A review consists primarily of making enquiries, primarily of persons responsible for the preparation of payroll processing and its underlying information, applying analytical and other review procedures, and examination of evidence for a small number of transactions or events. A review is substantially less in scope than a reasonable assurance “audit” conducted in accordance with ASAE 3000. Accordingly, we do not express an *audit opinion*. Had we performed a reasonable assurance “audit” as defined by ASAE 3000 or an audit as defined by Australian Standards on Auditing, additional information may have come to our attention, which would have been reported to you.

Inherent Limitations

Our Work is subject to the following limitations:

- Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Our procedures were not designed to detect all weaknesses in control procedures as they were not performed continuously throughout the period and the tests performed are on a sample basis.
- Any projection of the evaluation of the control procedures to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.
- The matters raised in this report are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management’s responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.

Suggestions for improvement should be assessed by management for their full commercial impact before they are implemented.

Limitations on use

This report is made solely to the management of Queensland Racing Limited in accordance with our engagement letter dated May 2009 for the purpose outlined in the signed terms of reference dated May 2009 and should not be quoted in whole or in part without our prior written consent. We disclaim any assumption of responsibility for any reliance on this report to any person other than the management of Queensland Racing Limited or for any purpose other than that for which it was prepared.

We disclaim all liability to any other party for all costs, loss, damages, and liability that the other party might suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party, or the reliance on our report by the other party.

Independence, Competence, and Experience

All professional personnel involved in this engagement have met the independence requirements of the Australian professional accounting bodies. Our team has been drawn from our Risk Services Practice and has the required competencies and experience for this engagement.

Appendix C – Terms of Reference

Purpose

Selected controls were to be evaluated taking into consideration whether the controls are adequately designed, communicated, and operational, where appropriate.

Scope

Our review areas involved:

- payroll calculations (including changes and issuances)
- compliance with policies and procedures
- assessing controls over access restrictions to the payroll system
- testing a random sample of employees and payroll adjustments including:
 - additions
 - deletions
 - modifications
 - payroll disbursements
- maintenance of the payroll master files

Objective

The objective of the engagement was to assess whether:

- payroll calculations and charges were accurate and adequately supported
- payroll data reconciled with the general ledger
- payroll data was secure

Methodology

The following procedures have been completed during the engagement:

- developed an understanding of the payroll process and determined the associated risks through discussion with relevant officers, reviewing policy and procedure manuals and walkthrough
- documented key processes and control procedures applicable to the payroll process under assessment
- inspected appropriate documentation over the payroll process to support the required level of assurance
- prepared recommendations / agreed action plans to improve controls where required
- discussed findings (where applicable) with relevant engagement sponsors and accountable personnel

AUDIT COMMITTEE PAPER NUMBER: 7
Internal Audit Update – Purchasing Review

PURPOSE:

To provide the Committee the Internal Audit review of the QRL purchasing policies and issues highlighted by Deloitte's and to enable further discussion.

BACKGROUND AND ISSUES:

As part of the internal audit plan for FY08/09, Deloitte were asked to conduct a review of the QRL purchasing policies and advise on business improvement opportunities.

The draft report with management comments as at June 19, 2009 is attached for reference for detailed key findings and management comments

The engagement objective was to evaluate selected controls taking into consideration as to whether the controls have been adequately designed, communicated and are operational where appropriate.

The areas of strategic review included:

- Process for purchasing across QRL, including IT, consultants and motor vehicles
- The use of panels (or preferred suppliers)
- Purchases on behalf of the industry (capital works projects)
- Purchasing policy and framework
- IPOS

A summary of the findings are:

	Finding	Importance Level	Status since Audit
1	Use of IPOS	Important	Underway – To be finalised by 1 July 2009
2	Use of panels (preferred suppliers)	Important	Underway – To be finalised by 30 September 2009
3	IPOS Items/ Supplier configuration	Minor	Underway – To be finalised by May 2010
4	Compliance with purchasing policy	Minor	Underway – To be finalised by 30 June 2009
5	Supplier EFT payment run	Minor	Completed
6	Purchasing and motor vehicle policy	Minor	Underway – To be finalised by 30 June 2009
7	IPOS reporting capabilities	Minor	Underway – To be finalised by 30 June 2009

	Minor - Minimal opportunities for improvement identified.
	Minor - A small number of minor control weaknesses / opportunities for improvement identified.
	Important - Several control weaknesses of concern identified.
	Significant - Significant control weaknesses found in a number of areas.
	Significant – Poorly controlled. Pervasive, significant weaknesses in controls identified.

Finance will work with the QRL management team to address the recommendations and incorporate these into QRL's existing policies.

OPTIONS:

Not applicable.

FINANCIAL IMPACT:

5 Days at \$1,420 per day = \$7,100

LEGAL IMPLICATIONS:

Not Applicable

STAFF IMPLICATIONS:

Not Applicable

OTHER STAKEHOLDER IMPACTS:

Not Applicable

COMMUNICATION STRATEGY:

It will be important that QRL communicates the any changes to purchasing policies and procedures effectively and consistently to all staff by way of email, letters to employees, placed on intranet and training workshops to be held for the new policies and procedures to be embraced.

DECISION REQUIRED

To be noted by the Audit Committee with an update of action items to be provided at the September 2009 meeting.



Adam Carter
FINANCE MANAGER

**Queensland Racing
Limited**

Purchasing

June 2009

DRAFT

Mr Adam Carter
Finance Manager
Queensland Racing
PO Box 63
Sandgate QLD 4017

June 2009
Our Ref: 261750

Dear Adam,

Re: Queensland Racing Limited – Internal Audit - Purchasing Review

Please find attached our draft report relating to our recently completed internal audit of Purchasing at Queensland Racing.

If you have any questions or wish to discuss any findings in the report, please contact me on 3308 7046 or Jason Swemmer on 3308 7102.

Yours sincerely

Carl Gerrard
Partner
Risk Services

Contents

1	Executive Summary	5
	1.1 Introduction	5
	1.2 Background	5
	1.3 Key Findings	5
	1.4 Engagement Rating	6
	1.5 Acknowledgement	6
	1.6 Report Clearance	6
	1.7 Conclusion	7
2	Detailed Findings	8
	2.1 Use of IPOS (Important)	8
	2.2 Use of Panels / Preferred Suppliers (Important)	10
	2.3 IPOS Items / Supplier Configuration (Minor)	12
	2.4 Compliance with Purchasing Policy (Minor)	14
	2.5 Supplier EFT Payment Run (Minor)	15
	2.6 Purchasing and Motor Vehicle Policy (Minor)	16
	2.7 IPOS Reporting Capabilities (Minor)	18
	Appendix A – Statement of Responsibility	19
	Appendix B – Terms of Reference	21

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1 Executive Summary

1.1 Introduction

As part of the Internal Audit Services provided to Queensland Racing Limited ("QRL"), Deloitte Touche Tohmatsu ("Deloitte") has undertaken a review of Purchasing. The engagement was performed in accordance with Australian Standard on Assurance Engagements ASAE 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information." Further information in relation to the extent of the procedures performed and the scope of our engagement is detailed in Appendix A – Statement of Responsibility and Appendix B – Terms of Reference, respectively.

1.2 Background

The QRL purchasing process applies to all of QRL's departments. The process incorporates the raising and approval of purchase requisitions, purchase orders, the recording and matching of supplier invoices to purchases, and the payment of creditors. All QRL transactions are recorded in the Sun finance system and more recently also in IPOS.

IPOS is a web-based procurement system that was implemented in March 2009 at QRL. IPOS provides QRL with the ability to interface and communicate electronically with suppliers and provides managers with better budgetary controls such as the recording of commitments. IPOS has been configured to enforce QRL's purchasing policy rules, including delegations of authority limits and segregation of duties between purchase requisitioning and approval. IPOS interfaces with the Sun finance system reducing manual processing.

1.3 Key Findings

Our detailed findings and suggestions for improvement are included in the following section of this report. To enable management to set priorities on their action plans we have reported our findings in three categories, namely, **significant**, **important** and **minor** based on our assessment of the importance of each finding.



Item No	Findings	Importance Level
2.1	Use of IPOS	Important
2.2	Use of Panels/Preferred Suppliers	Important
2.3	IPOS Items/Supplier Configuration	Minor
2.4	Compliance with Purchasing Policy	Minor
2.5	Supplier EFT Payment Run	Minor
2.6	Purchasing and Motor Vehicle Policy	Minor
2.7	IPOS Reporting Capabilities	Minor

1.4 Engagement Rating

Based on the scope of our engagement, QRL's performance relevant to purchasing is outlined below. This rating is based on observations made during the engagement, and in some areas these observations may have been limited by the scope of the work performed. The rating is intended to assist QRL's senior management and the Audit Committee to focus on areas of greatest concern, and does not represent an "Assurance Conclusion" as defined by ASAE 3000.

	Minimal opportunities for improvement identified.
	A small number of minor control weaknesses / opportunities for improvement identified.
	Several control weaknesses of concern identified.
	Significant control weaknesses found in a number of areas.
	Poorly controlled. Pervasive, significant weaknesses in controls identified.

Overall engagement rating



1.5 Acknowledgement

We wish to place on record our appreciation of the assistance and co-operation received from the management and staff of QRL.

1.6 Report Clearance

The contents of this report have been discussed and agreed with Adam Carter (Finance Manager).

1.7 Conclusion

Based on our review, which is not an audit, nothing has come to our attention to indicate that, in all material respects, internal controls over purchasing are not appropriately designed, and have not operated effectively over the 2008-09 financial year period to date in accordance with the objectives stated in the signed terms of reference.

DELOITTE TOUCHE TOHMATSU

Carl Gerrard

Partner

Brisbane, May 2009

DRAFT

2.2 Use of Panels / Preferred Suppliers (Important)

2.2.1 Findings / Observations

The establishment of panels or preferred suppliers listing provides purchase requisitioning staff with the choice of selected suppliers from whom to procure goods and services. Panels / preferred suppliers should have an established relationship with QRL, with a proven, successful record. QRL's Purchasing Policy recognises that preferred supplier arrangements streamlines the purchasing process, reduces administrative costs and potentially promotes cost savings through volume discounts and exclusivity arrangements.

QRL's Purchasing Policy makes reference to a preferred supplier listing spreadsheet. However, we noted the spreadsheet did not provide a preferred listing of suppliers. Instead, the spreadsheet listed all suppliers QRL has made purchases from in the current financial year. The spreadsheet also listed all contractual agreements QRL have entered into with third parties.

From the purchasing system perspective, preferred listings of suppliers are not configured and communicated through IPOS, as IPOS does not currently provide this functionality. When raising a purchase requisition in IPOS, the system displays a listing of all suppliers that are linked to the items being requisitioned. Unless the purchase requisitioning staff member and / or approver are able to identify the preferred supplier, IPOS allows a purchase order to be raised with non-preferred suppliers.

2.2.2 Implication/Business Impact

With no established panels / preferred suppliers listing available, QRL employees may procure goods and services from non-preferred suppliers. As such, additional costs may be incurred by QRL, both financially (e.g. more expensive prices) and non-financially (e.g. lower quality goods / services, or less favourable purchasing terms that do not meet QRL's expectations and business needs).

In addition, compliance with the QRL Purchasing Policy's preferred supplier arrangements is difficult to determine. With no organisation-wide knowledge of preferred suppliers, common purchasing opportunities may not be identified and exploited.

Establishing a panels / preferred suppliers listing would provide QRL with the baseline to assist in QRL's plans to roll out centralised common purchasing arrangements for all Queensland racing clubs.

2.2.3 Recommendation

We recommend that QRL:

1. establish a panels / preferred suppliers listing. Where possible, preferred suppliers should be linked to the relevant individual items set up in IPOS.
2. consider long-term improvements to IPOS by integrating the preferred suppliers listing into the system. For example, when requisitioning an item in IPOS, requisitioning staff can be prompted with a selection of both preferred suppliers and all other suppliers from which to procure. Items that are procured from a non-preferred supplier should require additional approval from the Finance Manager, regardless of the requisitioning staff member's delegation of authority limit.

2.2.4 Management Comment

No.	Description of Action	Person Responsible	Date For Completion
1	QRL has begun the second phase of the IPOS project called "3P" which will formalise the creation of new items and suppliers in IPOS. New suppliers requested	Murray Dyke	30 June 2009

	All Capital projects have been set up with individual items in IPOS so that purchase orders must be raised for any capital expenditure. Even though the July 1 st deadline is in place for the final implementation of IPOS in the purchasing policy, continued education and persistence has lead to improvement from Project Managers in this area.	Dyke	
2	All Vehicle lease payments are all made under direct debit arrangements. As these lease agreements are all prior approved by the relevant individuals and the direct debits are authorised by the Finance Manager, there is no need for purchase orders or invoices to be raised as the expenditure has already been authorised. Any further steps to be taken would be creating unnecessary authorisations.	Adam Carter	Done.
3	Management acknowledges expenses such as energy, phones, rates and other standard monthly charges could also be raised through IPOS purchase order and is common practice. A decision on whether a purchase order will be created for the entire year and updated monthly for standard expenditure will be decided once the Budget cycle for the new financial year is complete.	Adam Carter \ Murray Dyke	August 2009

2 Detailed Findings

2.1 Use of IPOS (Important)

2.1.1 Findings / Observations

We noted a number of circumstances where purchase transactions were not entered, approved and processed through IPOS, including the following:

- Project / capital works expenditure (e.g. Sunshine Coast, Toowoomba and Rockhampton projects)
- motor vehicle lease payments
- purchases paid using direct debit and cheques.

These purchases continue to be processed directly in the Sun finance system, where purchase approvals are required to be obtained manually. For example, approval for project expenditure was obtained with a sign-off from an authorised delegate on the hard copy invoice. We noted that a grace period was imposed in the QRL Purchasing Policy for all employees to comply with the new purchasing process by 1 July 2009. After this date, invoices will only be paid by QRL if an IPOS purchase order number is quoted on the supplier invoice.

A number of exceptions to this requirement are documented in QRL's Purchasing Policy, where certain invoices do not require an IPOS purchase order to be processed. This includes energy, phones, rates and other standard monthly charges.

To accommodate these exceptions, the Accounts Payable user group was granted access to enter invoices into IPOS, with no corresponding approved purchase order required. This is not in accordance with better purchasing practice. Members of the Accounts Payable user group include the Accounts Payable Finance Officer and Payroll Officer. We acknowledge that invoices entered into IPOS in this manner have similar approval requirements to purchase requisitions, where approval is required to be obtained from authorised employees with sufficient delegation limits.

2.1.2 Implication/Business Impact

QRL may not achieve the full potential and benefits of IPOS if all purchase transactions are not being captured and processed through the system.

In addition, purchase orders and invoice payments that are not fully entered and processed through IPOS will not be captured as financial commitments. QRL's financial commitment amounts will therefore be inaccurate and may be materially understated.

2.1.3 Recommendation

We recommend that QRL:

1. identify all instances where purchases continue to be approved and processed manually outside IPOS. Educate all employees (particularly those who have not yet adopted the new purchasing process) of the importance of using IPOS for all purchase transactions, to ensure coherent understanding across the organisation before the grace period ends

2.1.4 Management Comment

No.	Description of Action	Person Responsible	Date For Completion
1	IPOS went live in late March / early April and a number of projects were underway.	Adam Carter\Murray	July 1 2009

Deloitte: Purchasing

	by users under 3P will go through an authorisation process similar to purchase orders in IPOS. This will ensure that Finance can control which Suppliers are added to the system and that any preferred suppliers are protected. No suppliers will be added outside of 3P therefore there will be segregation of duties and tighter controls in place.		
2	Finance will continue to review IPOS and where possible ensure items are linked to only preferred suppliers. Preferred supplier agreements to be set up for all major expenditure items.	Murray Dyke/Adam Carter	30 September 2009

DRAFT

2.3 IPOS Items / Supplier Configuration (Minor)

2.3.1 Findings / Observations

Items and suppliers are set up in IPOS to allow purchase requisitioning staff to select items to be purchased and the relevant suppliers from which to procure. The Accounts Payable user group is responsible for creating and setting up items and suppliers in IPOS. The user group consists of the Accounts Payable Finance Officer and Payroll Officer.

In reviewing the IPOS items listing report, we identified a number of redundant items that relate to the same purchases general ledger account in the Sun finance system. For example, the following items relating to purchase of business cards were all linked to purchase account 6132:

- PRINTBUSCARDAC – Bus Card Carter, A
- PRINTBUSCARDBB – Bus Card Bentley, B
- PRINTBUSCARDDBB – Bus Card Bentley, B
- PRINTBUSCARDDDR – Bus Card Rowan, D
- PRINTBUSCARDTR – Bus Card Training Dept

We noted that the majority of the redundant items were set up to differentiate regions in Queensland. For example, the following items relating to accommodation expense were all linked to purchase account 62155:

- ACCOM02ST – Accom (date) (name) (where)
- ACCOM03CR – Accom COUNTRY RACING (date) (name) (where)
- ACCOM03ST – Accom ROK (date) (name) (where)
- ACCOM04ST – Accom (date) (name) (where)
- ACCOM05ST – Accom NQ (date) (name) (where)
- ACCOM06ST – Accom DOWNS (date) (name) (where)

Furthermore, we identified a number of QRL employees who were set up as suppliers in IPOS. While employees are required to be set up as suppliers for expense reimbursement purposes in the Sun finance system, we noted that expense reimbursements are not processed through IPOS. Suppliers that relate to QRL employees are therefore not required to be set up in IPOS.

2.3.2 Implication/Business Impact

Redundant items set up in IPOS may confuse purchase requisitioning staff when the staff members are prompted with multiple items with similar descriptions. We noted a number of instances where requisitioning staff selected an incorrect item, which resulted in the purchase being charged to an incorrect general ledger purchases account in the Sun finance system.

2.3.3 Recommendation

We recommend that QRL:

1. identify all redundant items from the IPOS item listing report and remove redundant items from IPOS where possible. Details of the region can be entered as part of the description of the item. For example, a single item can be set up for accommodation expenses, with a description of "Accom (region) (date) (name) (where)".
2. identify all QRL employees that were set up as suppliers in IPOS and remove these supplier records from IPOS.

3. establish documented procedures to provide the acceptable guidelines and conventions for setting up items and suppliers in IPOS.
4. perform an annual review of both suppliers and items in IPOS to identify potential redundancies and maintain the integrity of IPOS.

2.3.4 Management Comment

No.	Description of Action	Person Responsible	Date For Completion
1	As stated above 3P will manage the creation of new items and suppliers. The process involves several stages of approval and checking, ensuring situations above do not occur. Final approval of items will reside with the Accountant and Finance Manager.	Murray Dyke	30 June 2009
2	All redundant items will be identified and removed where possible.	Murray Dyke	30 September 2009
3	An annual review of items and suppliers will be performed to ensure the integrity of IPOS data.	Murray Dyke	May 2010

DRAFT

2.4 Compliance with Purchasing Policy (Minor)

2.4.1 Findings / Observations

QRL's Purchasing Policy outlines the key principles and procedures to be performed for a number of key purchasing activities, including purchases for Information Technology (IT) hardware and software.

The policy states that, "where a requirement to add items to the schedule covered by the lease has been identified, the purchasing officer must ensure the purchasing principles are adhered to. For items under \$10,000, preferred supplier arrangements can be used. For items \$10,000 or over, three quotes must be obtained. Appropriate documentation to support the purchasing decisions must be maintained at all times."

We identified an instance of non-compliance with the above provision of the policy, where 12 desktop computers (Lenovo) were purchased through a lease agreement from Datacom in September 2008. This purchase amounted to \$17,534, which requires three quotes to be obtained to support the purchasing decision. While the purchase order was approved by the Chief Operations Manager, we noted that QRL entered into the lease agreement with Datacom with only one additional quote obtained by the lessor (CIT Australia) to verify the reasonableness of Datacom's quote.

Furthermore, the policy states that, "the IT Section is also required to develop and maintain an IT asset replacement strategy, incorporating a list of all hardware and software under lease (or purchased), and information on the condition and expected useful life of individual items."

We noted that the IT Asset Replacement Strategy was not documented.

2.4.2 Implication/Business Impact

Non-compliance with QRL's Purchasing Policy with regard to the above provision may have financial implications if QRL did not procure from the supplier that provides the best value for money and purchasing terms.

There is also an increased key-person risk to the IT Manager's role if the IT Asset Replacement Strategy is not documented.

2.4.3 Recommendation

We recommend that QRL:

1. ensure that purchases above the set thresholds (i.e. \$10,000 for IT equipment) are supported with the required number of quotes. With IPOS, quotes should be scanned and attached to support a purchase requisition entry. Purchase requisitions should not be approved if the required number of quotes or other supporting documentation is not attached.
2. develop a documented IT Asset Replacement Strategy as per the provisions made in QRL's Purchasing Policy.

2.4.4 Management Comment

No.	Description of Action	Person Responsible	Date For Completion
1	Management acknowledges the breach of the policy in this instance and will reissue the policy to all employees as a reminder of their obligations	Adam Carter, in conjunction with all QRL managers and Chief Operations Manager	30 June 2009
2	IT manager to instigate IT Asset Replacement Strategy as soon as possible	David Rowan	31 December 2009

2.5 Supplier EFT Payment Run (Minor)

2.5.1 Findings / Observations

We noted that there are no documented procedures to outline the processes performed in the weekly and *ad-hoc* supplier EFT payment runs. Parts of this process are required to be performed by both the Accounts Payable Finance Officer and Payroll Officer.

2.5.2 Implication/Business Impact

There is an increased key-persons risk in both the Accounts Payable Finance Officer and Payroll Officer roles, if the procedures for performing the supplier EFT payment runs are not documented.

2.5.3 Recommendation

We recommend that QRL develop documented procedures for both weekly and ad-hoc supplier EFT payment runs.

2.5.4 Management Comment

No.	Description of Action	Person Responsible	Date For Completion
1	Documented procedures exist, if Deloitte to not have a copy this can be provided and have done for sometime. This should have been asked for.	Su Agate / Kees van der Waal	Done

2.6 Purchasing and Motor Vehicle Policy (Minor)

2.6.1 Findings / Observations

In reviewing QRL's Purchasing Policy (v1.04 – last updated May 2009), we identified a number of improvement opportunities to enhance the clarity of the policy. We noted that the policy states similar provisions in a number of areas:

- delegation of authority limits – stated twice in the table on page 8 and listed on page 9
- payment methods – listed twice on both pages 12 and 13
- summary of key controls – while this section (page 14) provides a summary of controls discussed throughout the policy, there were a number of controls such as the vendor creation process that have not been discussed previously
- the requirement to obtain three quotes for purchases above \$10,000 was mentioned several times throughout the policy.

In reviewing QRL's Motor Vehicle Policy (v1.03 – last updated April 2008), we noted that the policy did not prohibit unreasonable /excessive use of company vehicles for private / personal purposes. We noted an instance where a QRL employee had used a company vehicle to travel interstate, when they were on annual leave in September and October 2008. During this period, QRL incurred fuel costs of \$282.63, where the vehicle travelled approximately 2,000 kilometres, based on the odometer reading obtained from the SG Fleet Intelligence report. We acknowledge that lease payments for vehicles may be co-contributed by both QRL and the employee.

2.6.2 Implication/Business Impact

The lack of clarity in the QRL Purchasing Policy may result in a lack of general understanding by QRL employees of the provisions made in the policy. This increases the risk of non-compliance with the QRL Purchasing Policy.

There is also an increased risk of abuse by employees in using QRL vehicles excessively for private use. This impacts on QRL financially, where QRL incurs additional expenditure in regard to fuel costs. Additional costs may also be incurred in regard to the useful life of the vehicle. Vehicles are due for replacement earlier than planned, when the odometer reading on the vehicle exceeds a certain threshold stipulated in the vehicle lease agreement.

2.6.3 Recommendation

We recommend that QRL:

1. enhance the clarity of the Purchasing Policy by removing redundant provisions from the policy, where appropriate.
2. include a provision in QRL's Motor Vehicle Policy to limit any private use of QRL vehicles to a reasonable amount, within the local area of employment.

2.6.4 Management Comment

No.	Description of Action	Person Responsible	Date For Completion
1	Management acknowledges the redundant provisions and will review the policy with a view to make it clearer.	Murray Dyke / Adam Carter	30 September 2009
2	Management will review the excessive personal use of motor vehicles under the	Ron Mathofer / Adam	30 September

existing policy and will update the policy and communicate to staff. The monthly fuel account is analysed for excessive use through the SGFleet online reporting tool.	Carter	2009
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DRAFT

2.7 IPOS Reporting Capabilities (Minor)

2.7.1 Findings / Observations

In reviewing the list of standard reports that can be run in IPOS, we noted that there were no reports available to outline the audit trail for administrator functions, such as changes made to the invoice / requisition approval matrix (i.e. delegation of authority limits). Audit trail reporting only covered changes made to the standard purchase workflow process, such as updates made to purchase requisitions and purchase order approvals.

We noted that the reporting output of the standard IPOS reports is only available in PDF format. *Ad-hoc* reporting and queries may be developed using the Advanced Inquiry application, where further analysis and manipulation of data is required, or where standard IPOS reports do not provide sufficient information. At the time of our engagement, QRL employees had not yet been trained in using Advanced Inquiry and we noted that training may be conducted once Phase 2 of the IPOS implementation project is completed.

2.7.2 Implication/Business Impact

The lack of audit trail reporting for administrator functions results in insufficient monitoring controls to identify unauthorised changes being made to key application controls in IPOS.

As QRL transitions to, and gains maturity in using IPOS to process purchase transactions, more data will be available to be analysed in the IPOS database. There may be a greater need over time for QRL to analyse and query the IPOS database, to extract information useful for business reporting.

2.7.3 Recommendation

We recommend that QRL:

1. liaise with Professional Advantage (the vendor / developer of IPOS) to consider implementing audit trail reporting capabilities for administrator functions.
2. arrange for Advanced Inquiry training to be conducted for relevant employees in the Finance department to build internal skills in querying and extracting data from IPOS.

2.7.4 Management Comment

No.	Description of Action	Person Responsible	Date For Completion
1	The audit trail process was raised with Sun Provider – Professional Advantage (PA) at the time of purchase and is an ongoing point of discussion and development with PA for future versions.	Murray Dyke / Adam Carter	Ongoing
2	Training will be provided to relevant Finance staff early in the new financial year. This training will utilise the knowledge and experience of IPOS held by current users.	Murray Dyke / Adam Carter	September 2009

Appendix A – Statement of Responsibility

Management's Responsibility for the Engagement

The management of QRL are responsible for the preparation and presentation of purchasing in accordance with the signed terms of reference. This responsibility includes establishing and maintaining processes and internal controls relevant to the preparation and presentation of purchasing to ensure that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate policies; and making estimates that are reasonable in the circumstances.

Assurance Practitioner's Responsibility

Our responsibility is to express a conclusion on purchasing based on our review. We conducted our review in accordance with Australian Standard on Assurance Engagements ASAE 3000, "*Assurance Engagements Other than Audits or Reviews of Historical Financial Information*," in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that purchasing is not in accordance with the criteria listed above.

A review consists primarily of making enquiries, primarily of persons responsible for the preparation of purchasing and its underlying information, applying analytical and other review procedures, and examination of evidence for a small number of transactions or events. A review is substantially less in scope than a reasonable assurance "audit" conducted in accordance with ASAE 3000. Accordingly, we do not express an *audit opinion*. Had we performed a reasonable assurance "audit" as defined by ASAE 3000 or an audit as defined by Australian Standards on Auditing, additional information may have come to our attention, which would have been reported to you.

Inherent Limitations

Our Work is subject to the following limitations:

- Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Our procedures were not designed to detect all weaknesses in control procedures as they were not performed continuously throughout the period and the tests performed are on a sample basis.
- Any projection of the evaluation of the control procedures to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.
- The matters raised in this report are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.

Suggestions for improvement should be assessed by management for their full commercial impact before they are implemented.

Limitations on use

This report is made solely to the management of QRL in accordance with our engagement letter dated May 2009, for the purpose outlined in the signed terms of reference dated 17 April 2009 and should not be quoted in whole or in part without our prior written consent. We disclaim any assumption of responsibility for any reliance on this report to any person other than the management of QRL, or for any purpose other than that for which it was prepared.

We disclaim all liability to any other party for all costs, loss, damages, and liability that the other party might suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party, or the reliance on our report by the other party.

Independence, Competence, and Experience

All professional personnel involved in this engagement have met the independence requirements of the Australian professional accounting bodies. Our team has been drawn from our Risk Services Practice and has the required competencies and experience for this engagement.

DRAFT

Appendix B – Terms of Reference

Purpose & Scope

This engagement included a strategic review of the following:

- process for purchasing across QRL, including IT, consultants and motor vehicles
- the use of panels
- purchases on behalf of the industry (capital works projects)
- purchasing policy and framework
- IPOS.

We did not test application controls in IPOS that relate to the functional areas that are currently being implemented as part of Phase 2 of the IPOS implementation project.

Engagement Objectives

Selected controls around purchasing were evaluated taking into consideration whether the controls are adequately designed, communicated, and operational, where appropriate.

Methodology

We have reviewed the following:

- strategic review of the items listed in the scope items above
- appropriateness of application controls configured within IPOS, including:
 - the consistency between the invoice/requisition approval matrices in IPOS against QRL's approved delegation of authorities
 - appropriateness of user access privileges granted to user groups setup in IPOS
- appropriateness of reporting output from IPOS
- general controls around purchases made using corporate credit cards and petty cash
- compliance with QRL purchasing policy and procedures.

DRAFT

AUDIT COMMITTEE PAPER NUMBER: 8
Internal Audit Update – Document Security

PURPOSE:

To provide the Committee the Internal Audit review of the QRL document security policies and issues highlighted by Deloitte's and to enable further discussion.

BACKGROUND AND ISSUES:

As part of the internal audit plan for FY08/09, Deloitte were asked to conduct a review of the QRL document security policies and advise on business improvement opportunities.

The draft report with management comments as at June 19, 2009 is attached for reference for detailed key findings and management comments

The engagement objective was to evaluate selected controls taking into consideration as to whether the controls have been adequately designed, communicated and are operational where appropriate.

The review areas included:

- Controls over records management systems throughout the business units
- Management of electronic documents throughout the business units
- Management of hard copy filing system
- Security of access to files (electronic and hard copy)
- Management of confidentiality of information

A summary of the findings are:

	Finding	Importance Level	Status since Audit
1	Document security policies and procedures	Important	Underway – To be finalised by December 2009
2	Centralised storage of club correspondence and related records	Important	Underway – To be finalised by December 2009
3	Management and integrity of QRL archive spreadsheet and Grace records management database	Important	Underway – To be finalised by December 2009
4	Common G-drive network directory security settings	Important	Completed
5	Employee sign off on computer systems agreement form – Terms of use	Minor	Underway – To be finalised by June 2009

	Minor - Minimal opportunities for improvement identified.
	Minor - A small number of minor control weaknesses / opportunities for improvement identified.
	Important - Several control weaknesses of concern identified.
	Significant - Significant control weaknesses found in a number of areas.
	Significant – Poorly controlled. Pervasive, significant weaknesses in controls identified.

Finance will work with the QRL management team to address the recommendations and incorporate these into QRL's existing policies.

OPTIONS:

Not applicable.

FINANCIAL IMPACT:

5 Days at \$1,420 per day = \$7,100

LEGAL IMPLICATIONS:

Not Applicable

STAFF IMPLICATIONS:

Not Applicable

OTHER STAKEHOLDER IMPACTS:

Not Applicable

COMMUNICATION STRATEGY:

It will be important that QRL communicates the any changes to document security policies and procedures effectively and consistently to all staff by way of email, letters to employees, placed on intranet and training workshops to be held for the new policies and procedures to be embraced.

DECISION REQUIRED

To be noted by the Audit Committee with an update of action items to be provided at the December 2009 meeting.



Adam Carter
FINANCE MANAGER

Queensland Racing Limited

Document Security

June 2009

DRAFT

Mr Adam Carter
Finance Manager
Queensland Racing
PO Box 63
Sandgate QLD 4017

June 2009

Our Ref: 261750

Dear Adam,

Re: Queensland Racing Limited - Document Security Review

Please find attached our draft report relating to our recently-completed internal audit of Queensland Racing's Document Security.

If you have any questions or wish to discuss any findings in the report, please contact me on 3308 7046 or Jason Swemmer on 3308 7102.

Yours sincerely

Carl Gerrard
Partner
Risk Services

Contents

1	Executive Summary	5
	1.1 Introduction	5
	1.2 Background	5
	1.3 Key Findings	5
	1.4 Engagement Rating	6
	1.5 Acknowledgement	6
	1.6 Report Clearance	6
	1.7 Conclusion	7
2	Detailed Findings	8
	2.1 Document Security Policies and Procedures (Department)	8
	2.2 Centralised Storage of Club Correspondence and Related Records (Department)	10
	2.3 Management and Integrity of QRL Archive Spreadsheet and Grace Records Management Database (Department)	12
	2.4 Common G-Drive Network Directory Security Settings (Department)	15
	2.5 Employee Sign-Off on Computer Systems Agreement Form – Terms of Use (Minor)	17
	Appendix A – Document Security Lifecycle Process Map Diagram	18
	Appendix B – Archive Spreadsheet Discrepancies	19
	Appendix C – Statement of Responsibility	20
	Appendix D – Terms of Reference	22

Contents

1	Executive Summary	5
	1.1 Introduction	5
	1.2 Background	5
	1.3 Key Findings	5
	1.4 Engagement Rating	6
	1.5 Acknowledgement	6
	1.6 Report Clearance	6
	1.7 Conclusion	7
2	Detailed Findings	8
	2.1 Document Security Policies and Procedures (Important)	8
	2.2 Centralised Storage of Club Correspondence and Related Records (Important)	10
	2.3 Management and Integrity of QRL Archive Spreadsheet and Grace Records Management Database (Important)	12
	2.4 Common G-Drive Network Directory Security Settings (Important)	15
	2.5 Employee Sign-Off on Computer Systems Agreement Form – Terms of Use (Minor)	17
	Appendix A – Document Security Lifecycle Process Map Diagram	18
	Appendix B – Archive Spreadsheet Discrepancies	19
	Appendix C – Statement of Responsibility	20
	Appendix D – Terms of Reference	22

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1 Executive Summary

1.1 Introduction

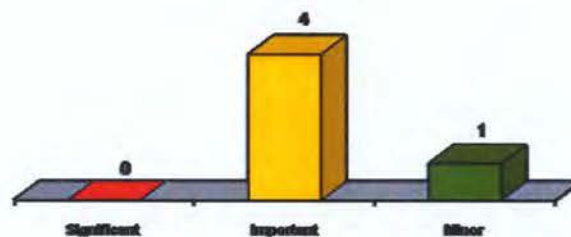
As part of the Internal Audit Services provided to Queensland Racing Limited (“QRL”), Deloitte Touche Tohmatsu (“Deloitte”) has undertaken a review of Document Security. The engagement was performed in accordance with Australian Standard on Assurance Engagements ASAE 3000, “*Assurance Engagements Other than Audits or Reviews of Historical Financial Information.*” Further information in relation to the extent of the procedures performed and the scope of our engagement is detailed in Appendix C – Statement of Responsibility and Appendix D – Terms of Reference, respectively.

1.2 Background

All organisations have legal responsibility and duty of care to protect the security, access, integrity, use and disclosure of information. Document security at QRL involves both physical and electronic documents and records. It is concerned with the accessibility, confidentiality, system efficiency and storage security of both physical and electronic records. Physical security may include locked cabinets, while electronic security includes network security restrictions.

1.3 Key Findings

Our detailed findings and suggestions for improvement are included in the following section of this report. To enable management to set priorities on their action plans we have reported our findings in three categories, namely, **significant**, **important** and **minor** based on our assessment of the importance of each finding.



Item No	Findings	Importance Level
2.1	Document Security Policies and Procedures	Important
2.2	Centralised Storage of Club Correspondence and Related Records	Important
2.3	Management and Integrity of QRL Archive Spreadsheet and Grace Records Management Database	Important
2.4	Common G-Drive Network Directory Security Settings	Important
2.5	Employee Sign-Off on Computer Systems Agreement Form – Terms of Use	Minor

1.4 Engagement Rating

Based on the scope of our engagement, QRL's performance relevant to document security is outlined below. This rating is based on observations made during the engagement, and in some areas these observations may have been limited by the scope of the work performed. The rating is intended to assist QRL's senior management and the Audit Committee to focus on areas of greatest concern, and does not represent an "Assurance Conclusion" as defined by ASAE 3000.

	Minimal opportunities for improvement identified.
	A small number of minor control weaknesses / opportunities for improvement identified.
	Several control weaknesses of concern identified.
	Significant control weaknesses found in a number of areas.
	Poorly controlled. Pervasive, significant weaknesses in controls identified.

Overall engagement rating



1.5 Acknowledgement

We wish to place on record our appreciation of the assistance and co-operation received from the management and staff of QRL.

1.6 Report Clearance

The contents of this report have been discussed and agreed with Adam Carter (Finance Manager).

1.7 Conclusion

Based on our review, which is not an audit, nothing has come to our attention to indicate that, in all material respects, internal controls over document security are not appropriately designed, and have not operated effectively over the 2008-09 financial year period to date in accordance with the objectives stated in the signed terms of reference.

DELOITTE TOUCHE TOHMATSU

Carl Gerrard

Partner

Brisbane, May 2009

DRAFT

2 Detailed Findings

2.1 Document Security Policies and Procedures (Important)

2.1.1 Findings/Observations

QRL's Record Keeping Policy outlines QRL's obligations to comply with relevant legislation and standards including the *Racing Act 2002*. We noted this policy was last updated in August 2006 and was due to be reviewed in August 2008.

In addition, the policy did not outline specific requirements regarding:

- **Document Archive, Disposal and Retrieval Policy/Procedures** outline the organisation-wide archive, disposal and retrieval requirements and procedures. Further, the central role the Finance Officer plays as a Records Management Custodian in co-ordinating the archive, disposal and retrieval of documents.

Appendix A illustrates QRL's document security lifecycle and process.

- **Document Retention Policy/Procedures** outline retention requirements for different types of records that are handled and managed across all QRL departments. While certain departments such as Finance have placed reliance on Queensland Government's General Retention and Disposal Schedule for Administrative Records (PUB-QSA-085), we noted that the majority of other departments were unaware of document retention requirements that are applicable to them. We observed instances where paper-based records were being kept and archived, when the same information is available electronically from IT systems such as HORSES.

Furthermore, we noted that QRL's Privacy Plan (publicly available for download from QRL's website) also to reflect prevailing privacy obligations applicable to QRL. For example, the Privacy Plan stated QRL's obligations under the *Freedom of Information Act 1992*, which is no longer applicable to QRL.

2.1.2 Implication/Business Impact

The lack of a document archive, disposal and retrieval policy results in inconsistent practices being applied across various departments in QRL. QRL employees (particularly new employees) may be unaware of the Finance Officer's role in co-ordinating the archive, disposal and retrieval of archived records from Grace.

A lack of good records management increases the risk of a privacy/confidentiality breach under relevant laws, which may result in legal issues, reputation damage and financial loss to QRL.

In addition, QRL incurs additional costs in managing its records such as the following:

- Inconsistent / inadequate level of details on archive box labels increases the time and effort required to locate and retrieve archived files in the future. Furthermore, physical investigation needs to be performed to confirm if a particular archive box can be disposed, if no retention dates were initially recorded.
- Costs involved in archiving and storing records for indefinite periods, for those records that are not actually required to be retained by legislation or can be reproduced from IT system reports.

2.1.3 Recommendation

We recommend that QRL:

1. review and update its Record Keeping Policy and Privacy Plan to reflect current practice and applicable legislative requirements and standards
2. develop policy / procedures for document archive, disposal and retrieval to support the Record Keeping Policy and formalise the role of a Records Management Custodian currently performed by the Finance Officer
3. develop documented policy / procedures for document retention to support the Record Keeping Policy. This document should be developed in conjunction with each department in QRL, to outline the applicable retention requirements for different types of records. In cases where there are no applicable legislative retention requirements, QRL should refer to Queensland Government's General Retention and Disposal Schedule for Administrative Records (PUB-QSA-085) for general guidance. The document retention policy should also outline the types of documents that are required to be scanned into Red Map or SharePoint and whether relevant paper-based copies are required to be maintained.

2.1.4 Management Comment

Agree with the findings and observations and endorse the recommendations.

No.	Description of Action	Person Responsible	Date For Completion
1	Review and update Record Keeping Policy	David Rowan, in conjunction with QRL Management Team	December 2009
2	Review and update privacy plan	Shara Murray	September 2009
3	Develop procedures for document archive disposal and retrieval using the Queensland Government's General Retention and Disposal Schedule for Administrative Records (PUB-QSA-085). Formalise Records management custodian role	Su Agate and Adam Carter, in conjunction with QRL Management Team	December 2009

2.2 Centralised Storage of Club Correspondence and Related Records (Important)

2.2.1 Findings/Observations

Correspondence with Queensland race clubs is common across all parts of the QRL business. Access to all club correspondence and records is regularly required by all departments. However, we observed a lack of centralisation and consistency in the storage of club correspondence and related records across various departments.

Each department maintains its own club correspondence and related records in the respective areas. Paper-based documents are kept in shelves, filing cabinets and compactus areas in separate departmental areas in the Deagon main office building. Similarly, electronic copies of these documents are mainly kept in departmental directories in the Common G-Drive. Specifically, we observed that the Racing Services Manager stores a large amount of files their personal network drive (H-drive) as opposed to the Common G-Drive for Racing. Therefore, club documentation and correspondence are kept in multiple areas of both the common network drive and physical storage areas.

We noted that all incoming and outgoing (paper-based) correspondence for the Chief Operating Manager, Chairman of the Board and the Racing Services Manager are currently scanned into SharePoint and have been since May 2009. Access to these documents is restricted to the Executive group including their personal assistants. Scanning of correspondence is however not a standard practice across other QRL departments.

2.2.2 Implication/Business Impact

The decentralised approach in maintaining records of club correspondence and related records discourages the sharing of information between departments. This may result in inconsistency in liaising with race clubs, which may adversely impact on the reputation and credibility of QRL in the racing industry.

Internally, the existing practice makes it difficult and time-consuming for QRL employees and managers to locate a particular item of correspondence / record. There is also an increased key-person risk if key managers store club-related records in their personal network drives instead of on the common network drive.

2.2.3 Recommendation

We recommend that QRL:

1. establish a common online repository for club correspondence and related records in SharePoint. Appropriate security settings should be implemented to restrict access only to those employees and managers who require access to club correspondence as part of their roles and responsibilities. All existing club-related documentation stored in both the common network G-drive and personal H-drives should be moved into this repository.
2. set up a central storage area to keep all paper-based club correspondence and related records for all QRL departments. Access to this area should be restricted to the relevant employees and managers who require access to club correspondence as part of their roles and responsibilities. Check-in / check-out procedures should be implemented when storing and retrieving records to facilitate record tracking. QRL may consider utilising the Finance compactus area for this purpose.

2.2.4 Management Comment

Agree with the findings and observations .

If recommendation (1) is adopted and made policy, then ongoing storage of paper based correspondence it not applicable.

No.	Description of Action	Person Responsible	Date For Completion
1	Establish a common online repository for club correspondence and related records in SharePoint and require that all correspondence be stored centrally thus. Upload all existing correspondence to the repository.	David Rowan (in conjunction with relevant department managers)	December 2009

DRAFT

2.3 Management and Integrity of QRL Archive Spreadsheet and Grace Records Management Database (Important)

2.3.1 Findings/Observations

Management of the Archive Spreadsheet and Grace Records Management Database

QRL maintains an Archive Spreadsheet which lists all archive box barcodes, document contents / dates, department owners and retention requirements (if available). This spreadsheet is co-ordinated by the Finance Officer (as the Records Management Custodian) and is kept in the common network drive (G:\Admin\Archives files). We noted that the Payroll Officer provides a backup to the Finance Officer in their absence to perform this role.

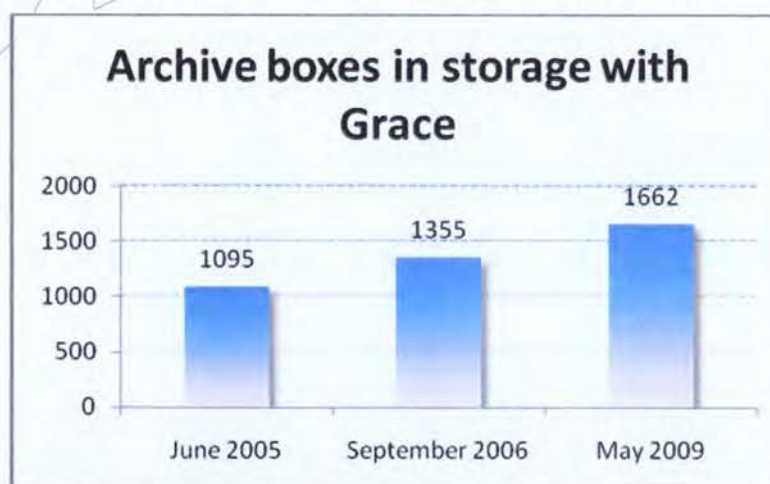
The spreadsheet can be viewed by all employees and can be changed by selected administrative staff from each department. However, we noted that the Payroll Officer did not have full access to the Archive Spreadsheet. Data entry templates are provided to staff with no edit access, which can then be copied and pasted into the Archive Spreadsheet.

Grace Records Management (Grace) also provides an online account that provides the user with functionalities such as ordering / retrieving files back from archive. Details of the generic username and password required to login to the Grace online account may be shared with other employees, if required.

Access to both the Archive Spreadsheet and Grace online account should not be made available to other employees, as it is the role of the Finance Officer to centrally manage and maintain the accuracy of these records.

Integrity of the Archive Spreadsheet and Grace Records Management Database

The chart below illustrates the increases in the number of archive boxes held in storage with Grace since June 2005. During the review, we noted that QRL has a total of 1662 archive boxes recorded and invoiced by Grace, with 1489 boxes currently in storage (89.6%) and 173 currently at QRL (10.4%). The number of archive boxes currently at QRL appears to be excessive.



In reconciling QRL's Archive Spreadsheet against Grace's Box Report, we noted the following discrepancies:

- out of 11 boxes categorised as "permanently out" by Grace, no corresponding records were available for 3 boxes in QRL's Archive Spreadsheet

- out of 173 boxes marked as “out” at QRL by Grace, no corresponding records were available for 6 boxes in QRL’s Archive Spreadsheet
- box BNE00222626 is marked as “out” by Grace, while QRL’s Archive Spreadsheet states that this box is in storage with Grace
- there were 38 boxes recorded in QRL’s Archive Spreadsheet with no corresponding records in Grace. We located 21 boxes that have not yet been archived with Grace, currently stored in the Finance area. The remainder of the boxes’ locations need to be determined.

Refer to Appendix B for detailed records of the discrepancies.

2.3.2 Implication/Business Impact

The lack of controls over the Archive Spreadsheet results in discrepancies between the Spreadsheet and Grace Records Management Database. This has resulted in the lack of integrity of both databases, where there is no single source of truth covering the location and status of archived records.

Furthermore, the privacy / confidentiality of the records may be compromised if access is not restricted to employees responsible for performing the Records Management Custodian role.

2.3.3 Recommendation

We recommend that QRL:

1. restrict full access to the Archive Spreadsheet to the Finance Officer and Payroll Officer only. All other employees should be granted read-only access.
2. restrict sharing the logon credentials (username / password) to the Grace online account, other than between the Finance Officer and Payroll Officer. The current password should be updated immediately, if the logon credentials have previously been shared with other employees.
3. investigate and resolve the discrepancies between the Archive Spreadsheet and Grace’s Box Report, to reconcile the two databases. Refer to Appendix B for detailed records of the discrepancies.
4. ensure the Archive Spreadsheet is reconciled against the Grace Box Report at least annually, as part of the standard procedures for either the Finance Officer or Payroll Officer.

2.3.4 Management Comment

Agree with the findings and observations and endorse the recommendations.

No.	Description of Action	Person Responsible	Date For Completion
1	Coordinate the restriction of access to the archive spreadsheet with the development of procedures for document archive disposal and retrieval as in point (3) of 2.1.4	David Rowan	December 2009
2	Change the password on the grace archive register logon and Communicate that this logon is not to be shared.	Adam Carter/Su Agate	June 2009
3	Investigate and resolve the discrepancies between the Archive Spreadsheet and Grace’s Box Report, to reconcile the two databases.	Adam Carter/Su Agate	September 2009
4	Put in place an annual reconciliation of the archive spreadsheet to the Grace Box report as part of the procedures for document	Adam Carter/Su Agate	December 2009

	archive disposal and retrieval as in point (3) of 2.1.4		
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DRAFT

2.4 Common G-Drive Network Directory Security Settings (Important)

2.4.1 Findings/Observations

The Common G-Drive is where most electronic files are stored and kept by QRL employees from all departments.

In reviewing the network security settings of the Common G-Drive departmental directories, we identified a number of instances where individual employees were granted access to another department's directory. We have confirmed with the directory owners (i.e. department managers) that access may need to be revoked for the following users:

Directory (G Drive)	User/Department	Level of Access	Cause
Finance	Col Truscott	List folder content only	Unknown
	Kwan Wolsley	List folder content only	Kwan used to assist as the receptionist who needs access to the Finance directory
	Leann Adams	List folder content only	Leann used to assist as the receptionist who needs access to the Finance directory
	Kearra Christensen	Full access	Kearra provided assistance to the Finance team in the past but is no longer in this role
Racing	Adam Carter	Full access	Unknown
Licensing	Sarah Walker	List folder content only	Unknown
Integrity	Legal Department	Removed on 11 May 2009, as requested by the Integrity Department for confidentiality reasons	

While most sub-folders (e.g. G:\Finance\

During our testing, we also identified a number of obsolete user groups in the Windows Active Directory that should be removed. This included Mayne, Nceracing, Volante and SEQ.

2.4.2 Implication/Business Impact

The existing practice in granting user access to specific sub-folders in the Common G-Drive increases the cost for IT in managing and maintaining the network directory security settings. QRL does not have the ability to effectively identify network directories that require to be reviewed, if a particular employee changes his / her position/department in QRL. As such, access to confidential information may be granted to employees who do not require it as part of their current roles and responsibilities.

2.4.3 Recommendation

We recommend that QRL:

1. review the above exceptions and determine whether or not access should be revoked, or continue to be granted to the above-listed users for them to perform their current roles and responsibilities

2. consider granting user access to department folders, only to the department to which the user belongs (i.e. Finance staff should only have access to G:\Finance). Documents that are required to be shared with other departments may be stored in Share Point's shared documents area.

2.4.4 Management Comment

Agree with the findings and observations and endorse the recommendations.

No.	Description of Action	Person Responsible	Date For Completion
1	Review all network directory access restrictions and revoke those that no longer apply	David Rowan	Complete

DRAFT

2.5 Employee Sign-Off on Computer Systems Agreement Form – Terms of Use (Minor)

2.5.1 Findings/Observations

The Terms of Use stipulated in the Computer Systems Agreement Form are required to be agreed to and signed by all QRL employees in granting them access to QRL IT systems and other confidential information. Employees are to comply with the standards of conduct detailed in the QRL Internet and E-mail Policy, as well as with the QRL Code of Conduct.

We identified three out of ten employees examined had no signed Computer Systems Agreement Form on file. These employees were:

- Sarah Walker
- Kwan Wolsley
- Yvette Jones.

2.5.2 Implication/Business Impact

The Computer Systems Agreement Form is used as a means of formally recording employees' understanding and commitment in utilising QRL systems ethically and legally for legitimate business purposes. QRL does not have a formal record of this agreement for employees who have not yet signed the form. Furthermore, these employees may not be fully aware of their obligations in complying with QRL policies and Code of Conduct.

2.5.3 Recommendation

We recommend that QRL:

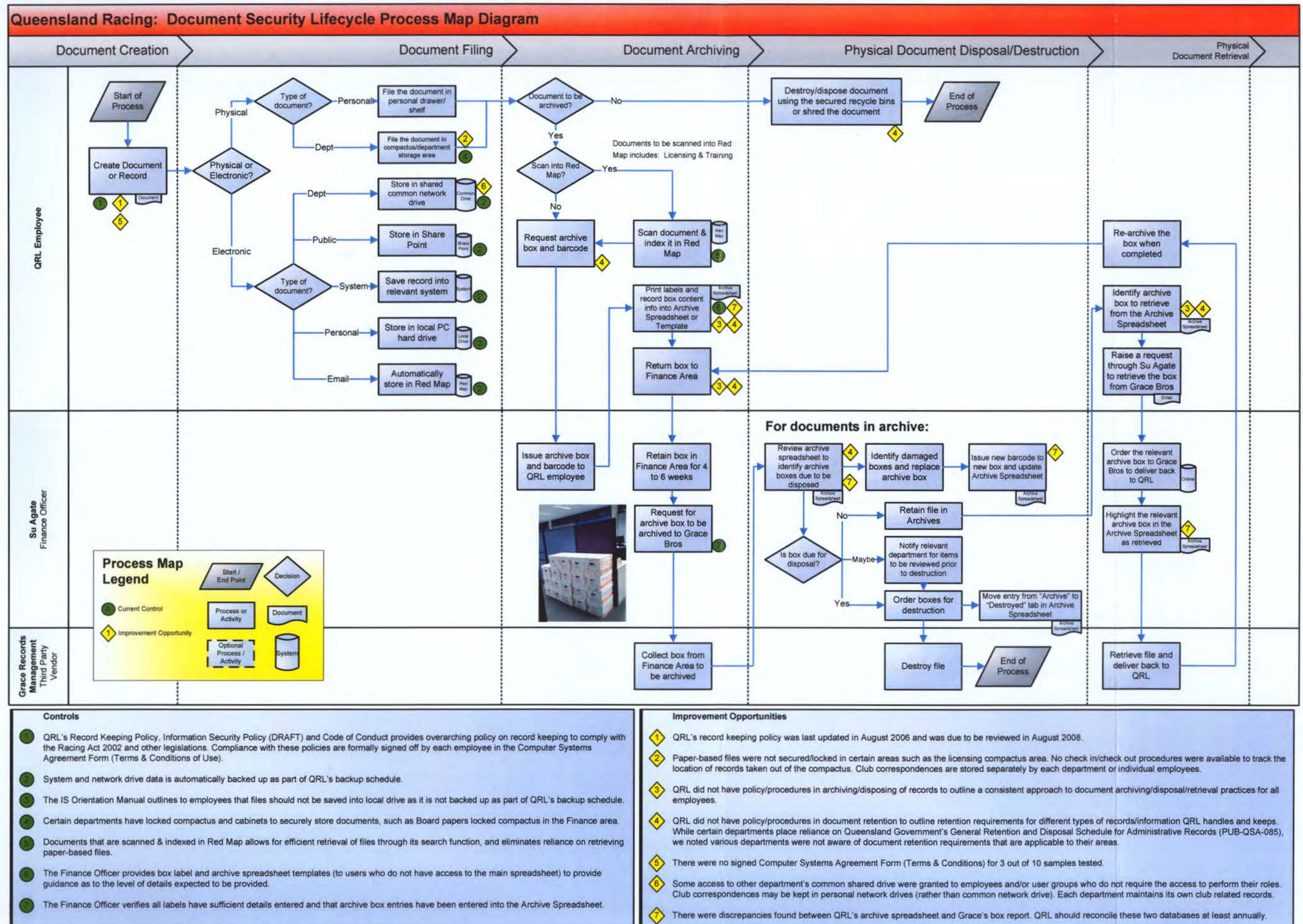
1. send a copy of the Computer Systems Agreement Form to the above-listed employees for their sign-off
2. ensure the signed Computer Systems Agreement Form is obtained from all new employees as part of the QRL IT user account creation procedures.

2.5.4 Management Comment

Agree with the findings and observations and endorse the recommendations.

No.	Description of Action	Person Responsible	Date For Completion
1	Review all Computer Systems Agreement forms for sign off and ensure complete	David Rowan	June 2009
2	Communicate need to obtain user sign off on forms prior to activation	David Rowan	Complete

Appendix A – Document Security Lifecycle Process Map Diagram



Appendix B – Archive Spreadsheet Discrepancies

Out of 11 boxes categorised as “permanently out” by Grace, no corresponding records were available for 3 boxes in QRL’s Archive Spreadsheet:

Add Date	Account Description	Status Date	Box Code	Alternate Box Code	Account Code	Item Status	Update Date
14/02/2000	QR - Harness Racing Board	15/03/2002	326607	ALBION	0119\IT\ALBION	Perm Out	24/08/2002
14/02/2000	Head Office Queensland Racing IT	15/03/2002	326606	NEWSTEAD	0119\IT\NEWSTEAD	Perm Out	24/08/2002
14/03/2002	Head Office Queensland Racing IT	15/03/2002	525941		0119\IT\NEWSTEAD	Perm Out	24/08/2002

Out of 173 boxes marked as “out” at QRL by Grace, no corresponding records were available for 6 boxes in QRL’s Archive Spreadsheet:

Box Number
1
2
3
4
5

There were 38 boxes recorded in QRL’s Archive Spreadsheet with no corresponding records in Grace. We located 21 boxes that have not yet been archived with Grace, currently stored in the Finance area. The remainder of the boxes’ location needs to be determined.

Box Number	Location
1	429949 To be determined
2	452047 To be determined
3	474694 To be determined
4	609061 To be determined
5	906093 To be determined
6	5292187 To be determined
7	BNE00049995 To be determined
8	BNE00049996 To be determined
9	BNE00050512 To be determined
10	BNE00060101 To be determined
11	BNE00186757 To be determined
12	BNE00186758 To be determined
13	BNE00189752 To be determined
14	BNE00222535 Hallway in Finance area
15	BNE00222536 Hallway in Finance area
16	BNE00222537 Hallway in Finance area
17	BNE00222538 Hallway in Finance area
18	BNE00222539 Hallway in Finance area
19	BNE00222540 Hallway in Finance area

Box Number	Location
20	BNE00222541 Hallway in Finance area
21	BNE00222542 Hallway in Finance area
22	BNE00222543 Hallway in Finance area
23	BNE00222545 Hallway in Finance area
24	BNE00222547 Hallway in Finance area
25	BNE00222548 Hallway in Finance area
26	BNE00222626 To be determined
27	BNE00320006 To be determined
28	BNE00324957 To be determined
29	BNE00324961 To be determined
30	BNE00541177 Hallway in Finance area
31	BNE00541178 Hallway in Finance area
32	BNE00541179 Hallway in Finance area
33	BNE00541182 Hallway in Finance area
34	BNE00541183 Hallway in Finance area
35	BNE00541262 Hallway in Finance area
36	BNE00541265 Hallway in Finance area
37	BNE00541266 Hallway in Finance area
38	BNE00541281 Hallway in Finance area

Appendix C – Statement of Responsibility

Management’s Responsibility for the Engagement

The management of QRL are responsible for the preparation and presentation of document security in accordance with the signed terms of reference. This responsibility includes establishing and maintaining processes and internal controls relevant to the preparation and presentation of document security to ensure that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate policies; and making estimates that are reasonable in the circumstances.

Assurance Practitioner’s Responsibility

Our responsibility is to express a conclusion on document security based on our review. We conducted our review in accordance with Australian Standard on Assurance Engagements ASAE 3000, “*Assurance Engagements Other than Audits or Reviews of Historical Financial Information*,” in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that document security is not in accordance with the criteria listed above.

A review consists primarily of making enquiries, primarily of persons responsible for the preparation of document security and its underlying information, applying analytical and other review procedures, and examination of evidence for a small number of transactions or events. A review is substantially less in scope than a reasonable assurance “audit” conducted in accordance with ASAE 3000. Accordingly, we do not express an *audit opinion*. Had we performed a reasonable assurance “audit” as defined by ASAE 3000 or an audit as defined by Australian Standards on Auditing, additional information may have come to our attention, which would have been reported to you.

Inherent Limitations

Our Work is subject to the following limitations:

- Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Our procedures were not designed to detect all weaknesses in control procedures as they were not performed continuously throughout the period and the tests performed are on a sample basis.
- Any projection of the evaluation of the control procedures to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.
- The matters raised in this report are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management’s responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.

Suggestions for improvement should be assessed by management for their full commercial impact before they are implemented.

Limitations on use

This report is made solely to the management of QRL in accordance with our engagement letter dated May 2009, for the purpose outlined in the signed terms of reference dated 17 April 2009 and should not be quoted in whole or in part without our prior written consent. We disclaim any assumption of responsibility for any reliance on this report to any person other than the management of QRL, or for any purpose other than that for which it was prepared.

We disclaim all liability to any other party for all costs, loss, damages, and liability that the other party might suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party, or the reliance on our report by the other party.

Independence, Competence, and Experience

All professional personnel involved in this engagement have met the independence requirements of the Australian professional accounting bodies. Our team has been drawn from our Risk Services Practice and has the required competencies and experience for this engagement.

Appendix D – Terms of Reference

Purpose & Scope

Our review areas involved:

- controls over records management systems throughout the business units
- management of electronic documents throughout the business units
- management of hard copy filing system
- security of access to files (electronic and hard copy)
- management of confidentiality of information.

Engagement Objectives

Selected document security controls were evaluated taking into consideration whether the controls are adequately designed, communicated, and operational, where appropriate, for the above scope items.

Methodology

The review covered audit trails, accessibility, confidentiality, and speed of system against policy / best practice throughout QRL's business units.

We conducted interviews with key personnel to gain an understanding of current records management systems throughout QRL's business units.

We reviewed both physical and electronic files for all QRL's business units, including the management of the Archive Spreadsheet.

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PURCHASING POLICY

Owner

Chief Financial Officer

Stakeholders

Corporate Wide

Revision History

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	May 2010	First draft (Murray Dyke)/Reviewed Adam Carter
1.02	12 May 2010	Provided to Tracey Harris and Abhendra Kumar for Feedback
1.03	22 June 2010	Reviewed AC
1.04	1 July 2010	RQL Board Changes (FINAL)



PURCHASING POLICY:

RACING QUEENSLAND LIMITED

Introduction

This policy has been prepared to provide guidelines and procedures to be followed by officers of Racing Queensland Limited when undertaking and managing purchasing activities to meet the organisation's operational requirements and also meet the objectives of the policy.

Racing Queensland Limited is the Control Body established by, and obtaining its objects and functions from, the *Racing Act 2002* and its Constitution. Racing Queensland Limited is required to conduct its financial activities with probity and accountability, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC.

Key Principles

In conducting its purchasing activities it is the policy of Racing Queensland Limited to adhere, at all times, to the key principles of:

1. Value for money;
2. Quality of product, service, and support;
3. Open and fair competition;
4. Accountability of outcomes;
5. Use of Queensland product where price competitive, and where quality standards are met; and
6. Suppliers are compliant with all taxation requirements.

Policy

These principles have been applied in developing policy for the following key purchasing activities:

- Capital works projects;
- Consulting services;
- Sponsorship contracts;
- Information technology;
- Other capital expenditure; and
- Day to day purchasing of services and supplies.
- Credit Facilities

There is also a focus on using preferred suppliers as explained in this report in further detail. The procurement system should result in the following benefits:

- Reduce operating costs;
- Reduce risk;
- Increase control; and
- Improve cash flow visibility

Capital Works Projects

Racing Queensland Limited plays a major role in the implementation of industry capital works projects each year. Racing Queensland Limited establishes an annual program of capital works, within a specified budget, following consideration of proposals from race clubs and advice from relevant officers within the organisation.

The policy of Racing Queensland Limited, in relation to the implementation of approved projects, is briefly addressed below:

- Once projects are given preliminary approval through the annual capital budgeting process, race clubs will be required to provide detailed design and costing information, and a project plan, prepared by a suitably qualified and experienced independent consultant. Racing Queensland Limited may, at its discretion, instigate an assessment of this documentation by its own consulting engineers. Any variation to the estimate used in applying for inclusion in the capital works program must be disclosed and explained. Variations of greater than 10% from the preliminary estimate are to be referred back to the Board of Racing Queensland Limited;
- Assuming the project cost following detailed design is contained within 10% of the preliminary estimate, and Racing Queensland Limited is satisfied with the standard of documentation provided, final approval will be given for the project to proceed (Chief Executive Officer or Chief Financial Officer);
- After final approval has been given, race clubs will be instructed that they can establish formal contractual arrangements for the construction works, in accordance with the approved budget. In establishing these contracts the club must pay regard to the key purchasing principles contained within this policy. Following establishment of the works contracts, Racing Queensland Limited will make payment of a grant to the club, equivalent to the agreed industry contribution. This grant will represent payment for a taxable supply, and will have GST added; and
- Following completion of the project, the club will provide Racing Queensland Limited with a report, which addresses the outcomes of the project, including cost to budget, quality of product, and timeliness.

Consulting Services

Racing Queensland Limited uses consulting services in a number of aspects of its operations including legal, information technology, human resource management, financial management, business development, and marketing.

These consultancies vary from short-term "one-off" contracts, to longer-term arrangements, which may encompass a series of different activities (e.g. marketing and promotional work).

For short-term "one-off" contracts the following policy guidelines are to apply:

- The six key purchasing principles outlined above are to be applied at all times;
- For contracts under \$10,000 in value, preferred supplier arrangements* can be used. That is, where a purchasing officer is satisfied that a consultant that has provided a high quality service in the past, has the necessary expertise to undertake the work, and is available in an appropriate timeframe, that consultant can be appointed without a formal competitive process being undertaken. If such a person is not available, three quotes from prospective consultants should be obtained and evaluated;

(* Please note that where preferred supplier arrangements are referred to later in this document for other categories of purchasing, similar procedures to those above will apply)

- For contracts between \$10,000 and \$100,000, tenders should be called from at least three “preferred” contractors. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles. The evaluation of the proposals should be undertaken by two accountable officers, and be approved by a delegated officer (Chief Executive Officer or Chief Financial Officer);
- For contracts over \$100,000, will be subject to Board discretion as to the waiver of an open tender, including appropriate advertising of the consultancy. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers, and be approved by a delegated officer.

For longer-term consultancy arrangements (e.g. the ongoing purchase of external legal services that cannot be delivered in-house), which may involve the use of a preferred supplier or suppliers for a range of individual tasks over an extended period of time, the following guidelines are to be followed:

- The purchasing officer may select a consultant for a range of tasks from a panel of preferred suppliers for the type of work involved;
- Prior to such a selection, a competitive process, adhering to the six key purchasing principles of Racing Queensland Limited, to appoint the panel of preferred suppliers must have been undertaken, be appropriately documented, and be signed-off by a delegated officer;
- In selecting the preferred supplier from the panel, the purchasing officer must clearly document the reasons for the selection, and be accountable for that selection. The selection must be approved by a delegated officer; and
- Individual consultancy contracts over \$100,000 in value are not to be entered into under these preferred supplier arrangements. For such consultancies, will be subject to Board discretion as to the waiver of an open tender, as described above, must be followed.

Sponsorship Contracts

Racing Queensland Limited may enter into sponsorship contracts of a cash and exchange-of-goods and/or services (“contra”) nature.

In establishing these contracts, officers must adhere to Racing Queensland Limited’s key purchasing principles, particularly those of “accountability of outcomes”, and “compliance with all taxation requirements”. With these principles in mind, a Sponsorship Agreement pro-forma (refer to Appendix A) is to be prepared for all sponsorship arrangements, regardless of whether they involve a cash payment, or are solely contra in nature.

The sponsorship agreement is to clearly specify the goods and/or services that are to be delivered by both Racing Queensland Limited and the sponsor, and identify the value of these supplies so that GST obligations, including Tax Invoicing, can be satisfied.

All sponsorship agreements are to be authorised by an officer of Racing Queensland Limited with appropriate delegation, and a copy is to be provided to the Finance Section so that Tax Invoices can be prepared, and GST liabilities and credits accounted for.

Information Technology

The acquisition of information technology hardware and software represents a substantial investment of capital by Racing Queensland Limited each year.

Given the advancing nature of IT and the need to upgrade hardware and systems applications on an ongoing basis, it is the policy of Racing Queensland Limited to acquire such items through leasing arrangements. In this regard the following is to apply:

- A tender process, through a preferred supplier arrangement, is to be undertaken for the establishment of a medium to long-term lease contract for the supply of computer equipment, and other general office equipment where appropriate;
- This contract is to be reviewed on an annual basis to ensure the key principles of “value for money” and “quality of service and support” are being satisfied;
- Where a requirement to add items to the schedule covered by the lease has been identified, the purchasing officer must ensure the purchasing principles are adhered to. For items under \$10,000, preferred supplier arrangements can be used. For items \$10,000 or over, three quotes must be obtained. Appropriate documentation to support the purchasing decisions must be maintained at all times; and

The IT Section is also required to develop and maintain an *IT asset replacement strategy*, incorporating a list of all hardware and software under lease (or purchased), and information on the condition and expected useful life of individual items.

Other Capital Expenditure

Motor Vehicles

Racing Queensland Limited maintains a fleet of vehicles provided for both work and private use. These vehicles are to be leased through the appropriate lease provider under the following arrangements:

- the leasing of a new vehicle must be approved by the Chief Executive Officer or Chief Financial Officer or Finance and Business Manager; and
- The type and model of the vehicle, and any optional extras, must be commensurate with the status and nature of the role performed by the officer for which the car is being acquired, and be in accordance with the entitlements the officer has under his/her contract of employment;
- All vehicles are to be replaced after three years, or having travelled 60,000 klms, whichever comes first, unless the Chief Executive Officer or Chief Financial Officer or Finance Business Manager agrees to an extension of the leasing term.

Vehicles are to be leased in line with the Racing Queensland Limited’s Motor Vehicle Policy, for further details email ap@racingqueensland.com.au

On disposal of company-owned vehicles, three trade-in quotes must be obtained, where possible, with the highest trade-in valuation the key consideration in selecting the successful dealer. Racing Queensland Limited staff may be given the option to purchase the vehicle that is being traded, at no less than \$1 more than the best trade-in valuation. The Chief Executive Officer or Chief Financial Officer or Finance and Business Manager will determine the successful staff bidder in the event of two or more staff bidding for the same vehicle being traded.

Other capital purchases

All other capital purchases (e.g. office machines) made by Racing Queensland Limited are to adhere to the following guidelines:

- The six key purchasing principles outlines above are to be applied at all times;
- For items under \$10,000 in value, preferred supplier arrangements can be used;
- For capital items between \$10,000 and \$100,000, quotes should be called from at least three “preferred” suppliers. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles;
- For capital items over \$100,000, will be subject to Board discretion as to the waiver of an open tender. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers; and
- For all capital purchases of \$10,000 or more, a lease versus buy analysis is to be undertaken.

Day to day Purchasing of Services and Supplies.

Policy in relation to the day to day purchasing of services and supplies is as follows:

- For items supplied on a continuous basis (e.g. stationery, consumables, printing) preferred supplier arrangements may be used. Purchasing officers must ensure that the key purchasing principles are adhered to, especially “value for money” and “quality of service”;
- In this regard, officers are required to conduct a competitive process for the selection of a panel of preferred suppliers, for continuous supplies, on an annual basis. Documentation must be prepared and maintained in respect of preferred supplier selection, and the subsequent selection of a supplier from the panel for particular purchases;
- However, for any individual supply or service, which would normally form part of a continuous supply by an individual, that is to cost the organisation \$100,000 or more, an open competitive process must be undertaken. That is, any individual supply which is to cost \$100,000 or more, cannot form part of a continuous purchasing contract made under preferred supplier arrangements;
- For non-continuous supplies and services (e.g. “one-off” printing jobs) preferred supplier arrangements can be used for purchases under \$10,000, on the basis that Racing Queensland Limited’s key principles are satisfied. At least three competitive quotes must be obtained for any purchase of \$10,000 or more.

Preferred Suppliers

As much as possible, Racing Queensland Limited should consolidate its suppliers and utilise preferred suppliers for either off-the-shelf goods/services where there are several sources of supply and the purchase is low risk or where there is an established relationship with a proven record of success. The advantages of using preferred suppliers are that it streamlines and simplifies purchasing, reduces administrative costs and promotes cost savings through volume discounts and exclusivity arrangements. Other benefits are that it minimises costs and risk for suppliers through not being required to regularly prepare and submit quotations.

1.1. Selection of Preferred Suppliers

The selection of preferred suppliers should be based on selection criteria that could include:

- Technical capability and experience
- Financial capacity and viability
- System and management responsibility incorporating product and service compliance with agreed industry standards
- People
- Business/organisation factors
- Favourable referee reports (a successful track record to deliver)
- Racing Queensland Limited's 6 key principles:
 1. Value for money;
 2. Quality of product, service, and support;
 3. Open and fair competition;
 4. Accountability of outcomes;
 5. Use of Queensland product where price competitive, and where quality standards are met; and
 6. Suppliers are compliant with all taxation requirements.

1.2 Preferred Suppliers Listing.

The current preferred suppliers list can be obtained from the Finance and Business Manager or accounts payable ap@racingqueensland.com.au or can be located at the following link:

<Insert Link to Preferred Supplier Listing which is currently under construction>

ITEM	POSITION						
	Regional Senior Stewards	Admin Authorities	Managers, Chief Steward	Company Secretary, Director of Integrity Operations, Finance and Business Manager, Accountant Corporate Services	Chief Financial Officer, Director Product Development	Chief Executive Officer	Board of Directors
Overall Delegation	<\$500	<\$2,000	<\$5,000	<\$20,000	<\$50,000	<\$150,000 in line with budget	Unlimited
Standard Purchase Orders	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS
Emergency Purchase Orders	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS
Requisition - Miscellaneous Purchases (Credit Cards) (<i>Refer to Expense reimbursement policy for conditions</i>)	x	x	x	<\$20,000 and to budget	To Budget	To Budget	Same as above
Petty Cash	<\$100	<\$100	<\$100	<\$100	<\$300	<\$300	<\$300
Capital Expenditure Purchase Orders and Request Forms	x	x	x	x	Forecast projects if <\$50,000 or if satisfied CEO has previously approved the project	Any single project <\$150,000 where included in approved annual budget	Any single project above \$150,000
Domestic (Interstate) travel	x	x	x	To budget	To budget	To budget	If outside of aggregate annual budget
International Travel	x	x	x	x	x	To Budget	If outside of aggregate annual budget
Official Hospitality	<\$100	<\$100	<\$100 <\$300 Senior Management Team	<\$300	<\$300 or other functions as approved by CEO	To Budget	Yes
Employment of new staff	x	x	x	Negotiation only if resignation and within same salary range and approval from CEO	Employment letters and contracts assuming CEO approval	Yes	Yes

Contractual Agreements (All contracts to be reviewed by Corporate Counsel/Company Secretary for updating of Contracts register and asses if any legal advice required)	x	x	x	<\$20,000 total value (not lease or licence) assuming that authorised to sign in ordinary operations	Yes with CEO assuming CEO previously approved and legally authorised to sign where <\$100,000	Yes where value <\$150,000	Yes – subject to Board Agreement
Execution of Contractual Agreements (All contracts to be reviewed by Senior Corporate Counsel/Company Secretary for updating of Contracts register and asses if any legal advice required)	To be executed by 2 Directors of the Company or a Director and a Company Secretary of the Company (S127 (1) – Corporations Act 2001).						

The same delegations above apply to the payment of invoices with one exception:

- An invoice can be approved by a person with a lesser delegation provided the original purchase order was approved appropriately and the invoice does not exceed an amount that exceeds 10% of the original purchase order.

It should be noted that as a business rule, staff are not allowed to circumvent their delegation by raising multiple orders to purchase a good or service for an amount that exceeds their delegation limit.

Delegations

All expenditures for goods and services are to be authorised by a duly delegated officer and are to be in line with budget. These delegations are as follows:

Unlimited

- Board of Directors

Up to \$150,000

- Chief Executive Officer

Up to \$50,000

- Chief Financial Officer
- Director of Product Development

Up to \$20,000

- Director of Integrity Operations
- Finance and Business Manager
- Senior Corporate Counsel/Company Secretary
- Accountant – Corporate Services

Up to \$10,000

- Facility Maintenance and Development Manager
- Racing Managers – Dividing Races

Up to \$5,000

- Information Technology and Communications Manager
- Licensing and Training Manager
- Race Course Facility Managers
- Chief Steward

Up to \$2,000

- Administrative Authorities – Executive Assistants including Track Supervisors
- Racing Managers - Procurement
- Racecourse Supervisor

Up to \$500

- Regional Senior Stewards (Northern Region – Townsville, Senior Steward Capricornia Rockhampton and Steward in Charge Downs - Toowoomba)

Capitalisation of expenditure

Expenditure on discreetly identifiable plant and equipment items of **\$2,000** and above will be capitalised where the future benefit of that expenditure exceeds one year at the time of purchase. All land purchases must be capitalised.

The Chief Executive Officer or Chief Financial Officer or Finance and Business Manager may approve the capitalisation of services expenditures of \$2,000 and above where those services have a future benefit exceeding one year. All assets which are <\$2,000 must be expensed in the year of purchase and recorded in the portable and attractive items register. All other service expenditures shall be written off in the financial year the expenditure was incurred.

Compliance with Commonwealth Government GST & Australian Business Number legislation

The Commonwealth Government implementation of GST and Australian Business Number legislation, has given rise to some additional obligations in respect of purchasing. These are as follows:

- Organisations are required to withhold 46.5% of any payment to a supplier of goods or services that does not provide an ABN. In response to this, it is the policy of Racing Queensland Limited that no supplies be purchased from entities that are unable to quote an ABN;
- All suppliers to Racing Queensland Limited are to be advised that they must be able to provide a "Tax Invoice" in the form specified by the GST legislation, to enable Racing Queensland Limited to claim input credits. Under law, the supplier must supply Racing Queensland Limited with a Tax Invoice within 28 days of request. Racing Queensland Limited staff should not enter into contractual arrangements with suppliers unless satisfied that the supplier will be able to provide a suitable Tax Invoice; and
- When obtaining quotes or prices from potential suppliers, purchasing officers must satisfy themselves that the prices quoted are GST inclusive.

Documentation and the Role of the Finance Department

The Finance Department plays the lead role in ensuring Racing Queensland Limited meets its obligations under the *Corporations Act 2001*, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC through the development and implementation of appropriate accounting policies and controls.

While the Department will work to ensure operational areas within the organisation are meeting their obligations under the purchasing guidelines, senior managers also have a role to play in monitoring the purchasing activities of their staff.

With regard to documentation, all acquisitions need to be supported by evidence that appropriate purchasing principles and guidelines have been followed. In this regard:

- All purchases for non-continuous supplies that are not completed through petty cash or credit cards must be completed in IPOS. **Where IPOS is not available a manual purchase order must be raised and authorized with the pink and green copies sent to accounts payable.** Additionally, copies of sponsorship agreement pro-formas must be provided to the Finance and Business Manager on a timely basis; and
- The delegated officer must be satisfied that Racing Queensland Limited's purchasing policy has been adhered to, and that appropriate documentation that supports the six key principles (value for money, open and fair competition etc) has been gathered, and is available for audit scrutiny if required. The managers of organisational areas have responsibility for ensuring supporting documentation is maintained and is accessible.

Enquiries regarding these purchasing principles should be directed to the Chief Executive Officer or Chief Financial Officer or Finance and Business Manager.

IPOS

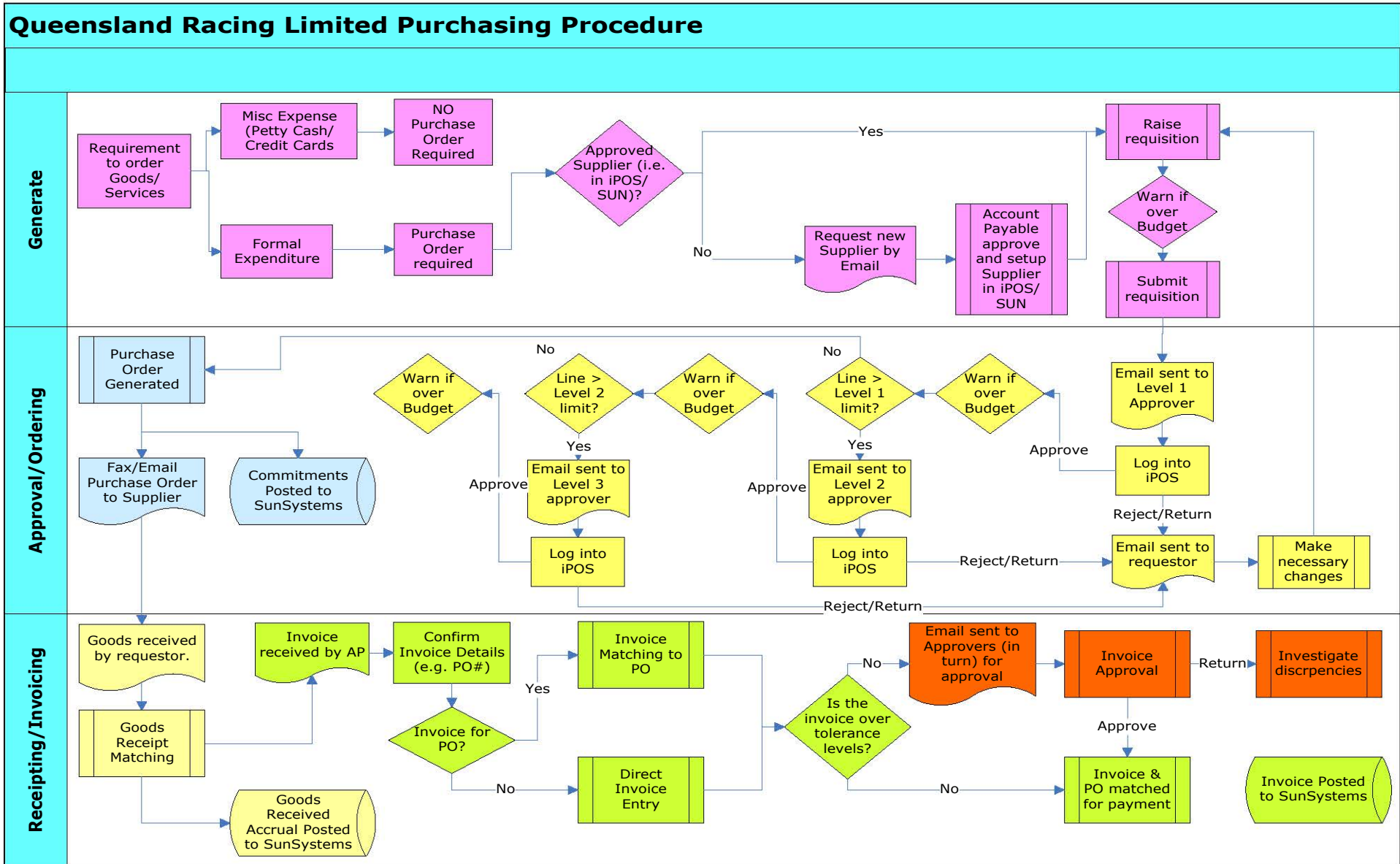
IPOS is an online web enable electronic procurement system. It has been custom built to meet Racing Queensland Limited and industry needs and greatly enhances Racing Queensland Limited's ability to operate in today's modern information driven environment.

Where IPOS is not available a manual purchase order must be raised and authorized with the pink and green copies sent to accounts payable.

The main objectives of IPOS are:

- To provide the underlying systems to enable the business to obtain tighter budgetary controls, including the recording of committed expenditure,
- To provide managers with the appropriate tools to focus on their individual budgets,
- Implementation of systemic controls over the procure to pay process,
- Improved reporting to the whole business,
- To bring Racing Queensland Limited in line with best practice procurement through taking advantage of e-commerce, electronic purchase ordering and scanning.
- Provide more real time reporting with less reliance on accounts payable,
- Introduction of process efficiencies for accounts payable, removing the many manual processes currently in use, such as manual purchase order generation and invoice approvals.
- Ability to interface with supplier ordering systems resulting in less manual entry.

The process map for Racing Queensland Limited's procurement process is featured below.



The major advantage of IPOS is that it enforces Racing Queensland Limited's purchasing policy in an electronic procurement system. All management delegations are enforced at requisition and invoice stage. Separation of duties ensures that only requisitioners can create purchase orders and only management can authorise.

From 1 July 2010 where applicable all invoices will only be paid if an IPOS purchase order number is quoted on the invoice. Instances where invoices do not require IPOS purchase orders are Energy, phones, rates and other standard monthly charges.

IPOS Procedures are linked below:

<http://starcraft:8080/finance/Shared%20Documents/Forms/AllItems.aspx>

Payment Methods

1. Direct Debit

1.1 Business Condition

Purchases that occur at set times throughout the year for set dollar amounts.

1.2 Business Rule

Invoices for goods or services that fall under this category include:

1. Rentals
2. Leases
3. Superannuation

Payments will be made via direct debit at the time dictated by the invoice.

1.3 Dependencies

Payments must be fixed frequency and price.

2. Cheque

2.1 Business Condition

One-off purchases that can not be paid through any other alternative option.

3. Electronic Funds Transfer (EFT)

All other purchases will be paid by Electronic Funds Transfer (EFT) unless previously authorised by Finance and Business Manager

Payment Summary

A summary of the different methods for paying invoices is provided below:

Payment Types	Business Condition
EFT	Used for standard purchasing from preferred suppliers Used for emergency purchases from preferred supplier in response to an emergency situation
Direct Debit	Used for purchases that occur at set times throughout the year for set dollar amounts
Cheque	Used for miscellaneous purchases on a "case-by-case" basis only. To be used only in exceptional circumstances.
Credit Cards	Used for purchases made with non-preferred suppliers for dollar amounts up to delegated authority.
Petty Cash	Used for miscellaneous purchasing of items with a value of less than \$100 unless authorised by Finance and Business Manager

Summary of Key Controls

As a high level summary, the key controls associated with the procurement system are:

- Only deal with suppliers who have a valid ABN
- Three quotes required for amounts >\$10,000 where a preferred supplier is not used
- Tax invoices to be obtained at all times
- Required signatures for goods received
- Vendor creation, deletion or addition must be performed by the Accounts Payable Officer and the bank account details are required in accordance to the Sun Security matrix to be entered by an Accounts Receivable Officer who does not have the ability to raise purchase orders or make payments in SUN. The change of details form is located G:\Finance\FORMS\Accounts Payable\Change of Details form.xls
- Invoices are only paid after the prior approval of a purchase order (excluding credit card statement payments and direct debits) and after goods have been received
- Established delegation limits with a 10% tolerance level up to a limit of \$100
- Credit card holders can make transactions greater than their delegation limit provided a purchase requisition with appropriate approval has been obtained first.

In addition to the above, Racing Queensland Limited should perform an annual supplier analysis to review expenditure to determine that value for money is being achieved.

Credit Facilities

A credit facility is any system of credit established to allow purchase of goods or services without the use of an official purchase order or the exchange of cash between the purchaser and supplier at the time of the transaction.

The credit facilities generally used by the Company are:

- Corporate credit cards
- Fuel cards
- Taxi vouchers
- Toll cards.

The establishment of any credit facility requires the recommendation of the Chief Financial Officer and approval from the Company. The Chief Financial Officer is responsible for the establishment, implementation, management and control of credit facilities used by the Company.

All credit facilities must be subject to the agreed terms and conditions between the credit provider and the Company.

Users of credit facilities must comply with the agreed terms and conditions, and properly discharge responsibilities regarding the use and reconciliation of credit accounts. Users are responsible for utilising the facilities in a proper and appropriate manner, and are accountable for all transactions associated with their use.

Users are also responsible for the security of the card/vouchers. Misuse of credit facilities will, at the discretion of the Board, result in the user's access to the facility being revoked and appropriate disciplinary action being taken.

Corporate Credit Cards

Principles. The policies and procedures pertaining to corporate credit cards are contained in the following policy: RQL_Expense Reimbursement Policy.doc

Issue. Corporate credit cards will be issued to relevant officers on the basis of the card providing a necessary and convenient facility for meeting commitments incurred in the course of official business. The issue of corporate credit cards is to be recorded in a register that is maintained by an appropriate officer, e.g. Accounts Payable Officer. Corporate card use should be restricted to a specific transaction limit in any one month.

Documentation.

The following conditions governing the use of credit cards prevail:

A register of cards must be established and maintained to exercise control over the issue and use of cards.

- Only authorised charges may be made against the credit organisation;
- Cards must be secured at all times against unauthorised use;
- Internal control measures must be sufficient to ensure cards are used for official purposes only and that any misuse is detected promptly and reported to the Chief Financial Officer.
- Officers using a credit card must obtain particulars of transactions including supporting invoices and dockets duly signed. A Credit Card Usage Form must be completed with the invoices attached. Supporting documentation can include the vendor's invoice/account, copy of prior approval to travel/entertain (where applicable), and purchase order. Where supporting invoices or dockets are not available, a signed certificate stating that the transactions are valid and were for official purposes must be attached. Details of all hospitality/entertainment expenses must be fully documented with the purpose of the expense, guest name(s), date, refreshments, time and the like.

Reconciliation.

- The documentation must be forwarded promptly to an accounting officer for attachment to the credit card transaction record for the purposes of sustaining the official use of the card and settlement of the amount within the required period;
- An accounting officer must match the dockets to the statements received from the credit card organisation;
- The dockets and the summary of these dockets showing the charges incurred by the use of credit cards must be properly authorised by a duly authorised officer; and
- The use of credit cards for the purchase of goods and services must be in strict accordance with the expense reimbursement policy of Racing Queensland Limited.
- Failure to provide receipts and the reconciliation in a timely manner will result in the card being cancelled and the employee will have to be reimbursed expenditure through the expense reimbursement policy

Fuel Cards

Issue. The issue of fuel cards is to be recorded in a register maintained by the Finance area.

Responsibilities. Users of the fuel card credit facility are responsible for utilising the facility in a proper and appropriate manner. Users are also responsible for the security of the card while it is in their possession, and are accountable for all transactions associated with its use during that period.

Use. Fuel cards are to be used only in accordance with the agreement between the credit provider and the Company. This includes locations where the card may be used, vehicle for which the card may be used and the types of purchases that are permitted (e.g. fuel only, fuel and oil).

Documentation. Fuel card transactions are to be supported by documentary evidence of the purchase (e.g. the fuel card docket provided by the fuel supplier). This documentation is to be forwarded to the Finance Area and will be used when reconciling the credit provider's account and making payment.

Taxi Vouchers

Issue. Bulk stocks and the issue of taxi vouchers are to be maintained by the Finance area. The Accounts Payable Officer is responsible for the issue of taxi vouchers within their area of responsibility. This officer should ensure that taxi vouchers are issued for appropriate use.

Use. The use of taxi vouchers is strictly limited to taxi travel for the purpose of conducting official business within or outside business hours when neither an official vehicle is available, nor is public transport an acceptable option.

E Tolls

Issue. The Finance and Business Manager is responsible for approving the issue of E toll within their area of responsibility. Officers may purchase pre-paid tolls only by credit card.

Use. The use of tolls is limited to conditions as specified under the motor vehicle policy.

SPONSORSHIP AGREEMENT

BETWEEN:

(The Sponsor)

AND RACING QUEENSLAND LIMITED, a control body established under the *Racing Act 2002* and *Corporations Act 2001*

(The Sponsored)

WHEREAS The Sponsor has agreed to provide sponsorship in accordance with this agreement.

AND The Sponsored has agreed to provide services in return for the sponsorship.

This Agreement provides:

1. The Sponsor will provide the following sponsorship to the Sponsored:
 Details of Sponsorship [If insufficient space annex details]
 - Money (here detail the sum of any monies to be paid to the Sponsored)
 - Support (here detail all support services including the value thereof to be supplied to the Sponsored)
2. The Sponsored will provide the following services to the Sponsor: [If insufficient space annex details]
 - Services (here detail all services including their value to be supplied by the Sponsored in return for the sponsorship)
3. It is hereby acknowledged that:
 - (a) The Sponsored will issue a recipient created tax invoice to the Sponsor to meet Goods and Services Tax obligations in relation to the supply of money and for support;
 - (b) The Sponsor will issue a recipient created tax invoice to the Sponsored to meet Good and Services Tax obligations in relation to the supply of services.

DATED this _____ day of _____ 20__

SIGNED AS AN AGREEMENT

SPONSOR

Full name of authorised officer

Signature of authorised officer

Signed in the presence of

SPONSORED

RACING QUEENSLAND LIMITED

Full name of authorised officer

Signature of authorised officer

Signed in the presence of



PURCHASING POLICY

Owner

Chief Financial Officer

Stakeholders

Corporate Wide

Revision History

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	May 2010	First draft (Murray Dyke)/Reviewed Adam Carter
1.02	12 May 2010	Provided to Tracey Harris and Abhendra Kumar for Feedback
1.03	22 June 2010	Reviewed AC
1.04	1 July 2010	RQL Board Changes (FINAL)
1.05	9 June 2011	Reviewed Adam Carter and Sharon Drew
1.06	1 July 2011	Approved by RQL Board – Capital Expenditure and Repairs and Maintenance



PURCHASING POLICY:

RACING QUEENSLAND LIMITED

Introduction

This policy has been prepared to provide guidelines and procedures to be followed by officers of Racing Queensland Limited when undertaking and managing purchasing activities to meet the organisation's operational requirements and also meet the objectives of the policy.

Racing Queensland Limited is the Control Body established by, and obtaining its objects and functions from, the *Racing Act 2002* and its Constitution. Racing Queensland Limited is required to conduct its financial activities with probity and accountability, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC.

Key Principles

In conducting its purchasing activities it is the policy of Racing Queensland Limited to adhere, at all times, to the key principles of:

1. Value for money;
2. Quality of product, service, and support;
3. Open and fair competition;
4. Accountability of outcomes;
5. Use of Queensland product where price competitive, and where quality standards are met; and
6. Suppliers are compliant with all taxation requirements.

Policy

These principles have been applied in developing policy for the following key purchasing activities:

- Capital works projects;
- Consulting services;
- Sponsorship contracts;
- Information technology;
- Other capital expenditure;

- Major repairs and maintenance;
- Day to day purchasing of services and supplies; and
- Credit Facilities

There is also a focus on using preferred suppliers as explained in this report in further detail. The procurement system should result in the following benefits:

- Reduce operating costs;
- Reduce risk;
- Increase control; and
- Improve cash flow visibility

Capital Works Projects

Racing Queensland Limited plays a major role in the implementation of industry capital works projects each year. Racing Queensland Limited establishes an annual program of capital works, within a specified budget, following consideration of proposals from race clubs and advice from relevant officers within the organisation.

The policy of Racing Queensland Limited, in relation to the implementation of approved projects, is briefly addressed below:

- Once projects are given preliminary approval through the annual capital budgeting process, race clubs will be required to provide detailed design and costing information, and a project plan, prepared by a suitably qualified and experienced independent consultant. Racing Queensland Limited may, at its discretion, instigate an assessment of this documentation by its own consulting engineers. Any variation to the estimate used in applying for inclusion in the capital works program must be disclosed and explained. Variations of greater than 10% from the preliminary estimate are to be referred back to the Board of Racing Queensland Limited;
- Assuming the project cost following detailed design is contained within 10% of the preliminary estimate, and Racing Queensland Limited is satisfied with the standard of documentation provided, final approval will be given for the project to proceed (Chief Executive Officer or Chief Financial Officer);
- After final approval has been given, race clubs will be instructed that they can establish formal contractual arrangements for the construction works, in accordance with the approved budget. In establishing these contracts the club must pay regard to the key purchasing principles contained within this policy. Following establishment of the works contracts, Racing Queensland Limited will make payment of a grant to the club, equivalent to the agreed industry contribution. This grant will represent payment for a taxable supply, and will have GST added; and
- Following completion of the project, the club will provide Racing Queensland Limited with a report, which addresses the outcomes of the project, including cost to budget, quality of product, and timeliness.

Consulting Services

Racing Queensland Limited uses consulting services in a number of aspects of its operations including legal, information technology, human resource management, financial management, business development, and marketing.

These consultancies vary from short-term "one-off" contracts, to longer-term arrangements, which may encompass a series of different activities (e.g. marketing and promotional work).

For short-term "one-off" contracts the following policy guidelines are to apply:

- The six key purchasing principles outlined above are to be applied at all times;
- For contracts under \$10,000 in value, preferred supplier arrangements* can be used. That is, where a purchasing officer is satisfied that a consultant that has provided a high quality service in the past, has

the necessary expertise to undertake the work, and is available in an appropriate timeframe, that consultant can be appointed without a formal competitive process being undertaken. If such a person is not available, three quotes from prospective consultants should be obtained and evaluated;

(* Please note that where preferred supplier arrangements are referred to later in this document for other categories of purchasing, similar procedures to those above will apply)

- For contracts between \$10,000 and \$100,000, tenders should be called from at least three “preferred” contractors. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles. The evaluation of the proposals should be undertaken by two accountable officers, and be approved by a delegated officer (Chief Executive Officer or Chief Financial Officer);
- For contracts over \$100,000, will be subject to Board discretion as to the waiver of an open tender, including appropriate advertising of the consultancy. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers, and be approved by a delegated officer.

For longer-term consultancy arrangements (e.g. the ongoing purchase of external legal services that cannot be delivered in-house), which may involve the use of a preferred supplier or suppliers for a range of individual tasks over an extended period of time, the following guidelines are to be followed:

- The purchasing officer may select a consultant for a range of tasks from a panel of preferred suppliers for the type of work involved;
- Prior to such a selection, a competitive process, adhering to the six key purchasing principles of Racing Queensland Limited, to appoint the panel of preferred suppliers must have been undertaken, be appropriately documented, and be signed-off by a delegated officer;
- In selecting the preferred supplier from the panel, the purchasing officer must clearly document the reasons for the selection, and be accountable for that selection. The selection must be approved by a delegated officer; and
- Individual consultancy contracts over \$100,000 in value are not to be entered into under these preferred supplier arrangements. For such consultancies, will be subject to Board discretion as to the waiver of an open tender, as described above, must be followed.

Sponsorship Contracts

Racing Queensland Limited may enter into sponsorship contracts of a cash and exchange-of-goods and/or services (“contra”) nature.

In establishing these contracts, officers must adhere to Racing Queensland Limited’s key purchasing principles, particularly those of “accountability of outcomes”, and “compliance with all taxation requirements”. With these principles in mind, a Sponsorship Agreement pro-forma (refer to Appendix A) is to be prepared for all sponsorship arrangements, regardless of whether they involve a cash payment, or are solely contra in nature.

The sponsorship agreement is to clearly specify the goods and/or services that are to be delivered by both Racing Queensland Limited and the sponsor, and identify the value of these supplies so that GST obligations, including Tax Invoicing, can be satisfied.

All sponsorship agreements are to be authorised by an officer of Racing Queensland Limited with appropriate delegation, and a copy is to be provided to the Finance Section so that Tax Invoices can be prepared, and GST liabilities and credits accounted for.

Information Technology

The acquisition of information technology hardware and software represents a substantial investment of capital by Racing Queensland Limited each year.

Given the advancing nature of IT and the need to upgrade hardware and systems applications on an ongoing basis, it is the policy of Racing Queensland Limited to acquire such items through leasing arrangements. In this regard the following is to apply:

- A tender process, through a preferred supplier arrangement, is to be undertaken for the establishment of a medium to long-term lease contract for the supply of computer equipment, and other general office equipment where appropriate;
- This contract is to be reviewed on an annual basis to ensure the key principles of “value for money” and “quality of service and support” are being satisfied;
- Where a requirement to add items to the schedule covered by the lease has been identified, the purchasing officer must ensure the purchasing principles are adhered to. For items under \$10,000, preferred supplier arrangements can be used. For items \$10,000 or over, three quotes must be obtained. Appropriate documentation to support the purchasing decisions must be maintained at all times; and

The IT Section is also required to develop and maintain an *IT asset replacement strategy*, incorporating a list of all hardware and software under lease (or purchased), and information on the condition and expected useful life of individual items.

Other Capital Expenditure

Motor Vehicles

Racing Queensland Limited maintains a fleet of vehicles provided for both work and private use. These vehicles are to be leased through the appropriate lease provider under the following arrangements:

- the leasing of a new vehicle must be approved by the Chief Executive Officer or Chief Financial Officer; and
- The type and model of the vehicle, and any optional extras, must be commensurate with the status and nature of the role performed by the officer for which the car is being acquired, and be in accordance with the entitlements the officer has under his/her contract of employment;
- All vehicles are to be replaced after three years, or having travelled 90,000 kms, whichever comes first, unless the Chief Executive Officer or Chief Financial Officer agrees to an extension of the leasing term.

Vehicles are to be leased in line with the Racing Queensland Limited’s Motor Vehicle Policy, for further details email ap@racingqueensland.com.au

On disposal of company-owned vehicles, three trade-in quotes must be obtained, where possible, with the highest trade-in valuation the key consideration in selecting the successful dealer. Racing Queensland Limited staff may be given the option to purchase the vehicle that is being traded, at no less than \$1 more than the best trade-in valuation. The Chief Executive Officer or Chief Financial Officer will determine the successful staff bidder in the event of two or more staff bidding for the same vehicle being traded.

Other Capital Purchases

All other capital purchases (e.g. office machines) made by Racing Queensland Limited are to adhere to the following guidelines:

A request for capital expenditure form is to be completed for all capital purchases and is to be authorised by both the Chief Executive Officer and Chief Financial Officer [<insert link to form when on intranet >](#).

- The six key purchasing principles outlines above are to be applied at all times;
- For items under \$10,000 in value, preferred supplier arrangements can be used;
- For capital items between \$10,000 and \$100,000, quotes should be called from at least three “preferred” suppliers. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles;

- For capital items over \$100,000, will be subject to Board discretion as to the waiver of an open tender. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers; and
- For all capital purchases of \$10,000 or more, a lease versus buy analysis is to be undertaken.

Major Repairs and Maintenance

Major Repairs and Maintenance purchases of \$20,000 or more made by Racing Queensland Limited are to adhere to the following guidelines:

A request for major repairs and maintenance expenditure form is to be completed for purchases of \$20,000 or more and is to be authorised by both the Director of Product Development and Chief Financial Officer to the value of \$50,000). Purchases of \$50,000 or more will require an additional approval by the Chief Executive Officer.

. <insert link to form when on intranet >

Day to day Purchasing of Services and Supplies.

Policy in relation to the day to day purchasing of services and supplies is as follows:

- For items supplied on a continuous basis (e.g. stationery, consumables, printing) preferred supplier arrangements may be used. Purchasing officers must ensure that the key purchasing principles are adhered to, especially “value for money” and “quality of service”;
- In this regard, officers are required to conduct a competitive process for the selection of a panel of preferred suppliers, for continuous supplies, on an annual basis. Documentation must be prepared and maintained in respect of preferred supplier selection, and the subsequent selection of a supplier from the panel for particular purchases;
- However, for any individual supply or service, which would normally form part of a continuous supply by an individual, that is to cost the organisation \$100,000 or more, an open competitive process must be undertaken. That is, any individual supply which is to cost \$100,000 or more, cannot form part of a continuous purchasing contract made under preferred supplier arrangements;
- For non-continuous supplies and services (e.g. “one-off” printing jobs) preferred supplier arrangements can be used for purchases under \$10,000, on the basis that Racing Queensland Limited’s key principles are satisfied. At least three competitive quotes must be obtained for any purchase of \$10,000 or more.

Preferred Suppliers

As much as possible, Racing Queensland Limited should consolidate its suppliers and utilise preferred suppliers for either off-the-shelf goods/services where there are several sources of supply and the purchase is low risk or where there is an established relationship with a proven record of success. The advantages of using preferred suppliers are that it streamlines and simplifies purchasing, reduces administrative costs and promotes cost savings through volume discounts and exclusivity arrangements. Other benefits are that it minimises costs and risk for suppliers through not being required to regularly prepare and submit quotations.

1.1. Selection of Preferred Suppliers

The selection of preferred suppliers should be based on selection criteria that could include:

- Technical capability and experience
- Financial capacity and viability
- System and management responsibility incorporating product and service compliance with agreed industry standards
- People
- Business/organisation factors
- Favourable referee reports (a successful track record to deliver)
- Racing Queensland Limited's 6 key principles:
 1. Value for money;
 2. Quality of product, service, and support;
 3. Open and fair competition;
 4. Accountability of outcomes;
 5. Use of Queensland product where price competitive, and where quality standards are met; and
 6. Suppliers are compliant with all taxation requirements.

1.2 Preferred Suppliers Listing.

The current preferred suppliers list can be obtained from [accounts payable ap@racingqueensland.com.au](mailto:accounts_payable_ap@racingqueensland.com.au) or can be located at the following link:

<Insert Link to Preferred Supplier Listing which is currently under construction>

RACING QUEENSLAND LIMITED

Item	Regional Senior Stewards	Admin Authorities, Racecourse Supervisor, racing Manager – Procurement Track Supervisor	Managers, Chief Steward, Racing and Facilities Supervisor, Track Supervisor	Information Technology and Communications Manager, Licensing and Training Manager, Racing Managers – Dividing Races, Management Accountant, Revenue & Services Accountant	Director of Integrity Operations, Facility & Development Manager, Senior Corporate Counsel/Company Secretary	Chief Financial Officer, Director of Product Development	Chief Executive Officer	Board of Directors
Overall Delegation	<\$500	<\$1,000	<\$2,000	<\$5,000	<\$20,000	<\$50,000	<\$150,000 In line with Budget	Unlimited

Standard Purchase Orders	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS
Emergency Purchase Orders	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS
Requisition – Miscellaneous Purchases (Credit Cards) (Refer to Expense Reimbursement policy for conditions)	X	X	X	X	<\$20,000 and to Budget	To Budget	To Budget	Same as above
Petty Cash	<\$100	<\$100	<\$100	<\$100	<\$100	<\$300	<\$300	<\$300
Capital Expenditure Purchase Orders and Request Forms	X	X	X	X	X	Forecast projects if <\$50,000 or if satisfied CEO has previously approved the project	Any single project <\$150,000 where included in approved annual budget	Any single project above \$150,000
Domestic (Interstate) travel	X	X	X	To Budget	To Budget	To Budget	To Budget	If outside aggregate annual budget
International Travel	X	X	X	X	X	X	To Budget	If outside aggregate annual budget
Official Hospitality	<\$100	<\$100	<\$100 <\$300 Senior Management Team	<\$100 <\$300 Senior Management Team	<\$300	<\$300 or other functions as approved by CEO	To Budget	Yes
Sponsorship	X	X	X	Authorities restricted to IT&Comms Manager or Marketing Manager and Senior Corporate Counsel/Company Secretary	To Budget	To Budget	To Budget	Yes, subject to Board agreement

RACING QUEENSLAND LIMITED

Item	Regional Senior Stewards	Admin Authorities, Racecourse Supervisor, racing Manager – Procurement Track Supervisor	Managers, Chief Steward, Racing and Facilities Supervisor, Track Supervisor	Information Technology and Communications Manager, Licensing and Training Manager, Racing Managers – Dividing Races, Management Accountant, Revenue & Services Accountant	Director of Integrity Operations, Facility & Development Manager, Senior Corporate Counsel/Company Secretary	Chief Financial Officer, Director of Product Development	Chief Executive Officer	Board of Directors
Overall Delegation	<\$500	<\$1,000	<\$2,000	<\$5,000	<\$20,000	<\$50,000	<\$150,000 In line with Budget	Unlimited

Contractual Agreements (all contracts to be reviewed by Senior Corporate Counsel/Company Secretary for updating of Contracts register and assess if any legal advice is required)	x	x	x	x	<\$20,000 total value (not lease or license) assuming that authorised to sign in ordinary operations	Yes with CEO assuming CEO previously approved and legally authorised to sign where <\$100,000	Yes where value <\$150,000	Yes, subject to Board agreement
Execution of Contractual agreements (All contracts to be reviewed by Senior Corporate Counsel/Company Secretary for updating of contracts register and assess if any legal advice is required)		To be executed by 2 Directors of the Company or a Director and a Company Secretary of the Company (S127 (1) – Corporations Act 2001).						

The same delegations above apply to the payment of invoices with one exception:

- An invoice can be approved by a person with a lesser delegation provided the original purchase order was approved appropriately and the invoice does not exceed an amount that exceeds 10% of the original purchase order.

It should be noted that as a business rule, staff are not allowed to circumvent their delegation by raising multiple orders to purchase a good or service for an amount that exceeds their delegation limit.

Delegations

All expenditures for goods and services are to be authorised by a duly delegated officer and are to be in line with budget. These delegations are as follows:

Unlimited

- Board of Directors

Up to \$150,000

- Chief Executive Officer

Up to \$50,000

- Chief Financial Officer
- Director of Product Development

Up to \$20,000

- Director of Integrity Operations
- Facility Maintenance and Development Manager
- Senior Corporate Counsel/Company Secretary

Up to \$5,000

- Information Technology and Communications Manager
- Racing Managers – Dividing Races
- Licensing and Training Manager
- Race Course Facility Managers
- Chief Steward
- Accountant – Corporate Services
- Management Accountant

Up to \$1,000

- Administrative Authorities – Executive Assistants including Track Supervisors
- Racing Managers - Procurement
- Racecourse Supervisor

Up to \$500

- Regional Senior Stewards (Northern Region – Townsville, Senior Steward Capricornia Rockhampton and Steward in Charge Downs - Toowoomba)

Capitalisation of expenditure

Expenditure on discreetly identifiable plant and equipment items of **\$2,000** and above will be capitalised where the future benefit of that expenditure exceeds one year at the time of purchase. All land purchases must be capitalised.

The Chief Executive Officer or Chief Financial Officer may approve the capitalisation of services expenditures of \$2,000 and above where those services have a future benefit exceeding one year. All assets which are under \$2,000 must be expensed in the year of purchase and recorded in the portable and attractive items register. All other service expenditures shall be written off in the financial year the expenditure was incurred.

Compliance with Commonwealth Government GST & Australian Business Number legislation

The Commonwealth Government implementation of GST and Australian Business Number legislation, has given rise to some additional obligations in respect of purchasing. These are as follows:

- Organisations are required to withhold 46.5% of any payment to a supplier of goods or services that does not provide an ABN. In response to this, it is the policy of Racing Queensland Limited that no supplies be purchased from entities that are unable to quote an ABN;

- All suppliers to Racing Queensland Limited are to be advised that they must be able to provide a "Tax Invoice" in the form specified by the GST legislation, to enable Racing Queensland Limited to claim input credits. Under law, the supplier must supply Racing Queensland Limited with a Tax Invoice within 28 days of request. Racing Queensland Limited staff should not enter into contractual arrangements with suppliers unless satisfied that the supplier will be able to provide a suitable Tax Invoice; and
- When obtaining quotes or prices from potential suppliers, purchasing officers must satisfy themselves that the prices quoted are GST inclusive.

Documentation and the Role of the Finance Department

The Finance Department plays the lead role in ensuring Racing Queensland Limited meets its obligations under the *Corporations Act 2001*, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC through the development and implementation of appropriate accounting policies and controls.

While the Department will work to ensure operational areas within the organisation are meeting their obligations under the purchasing guidelines, senior managers also have a role to play in monitoring the purchasing activities of their staff.

With regard to documentation, all acquisitions need to be supported by evidence that appropriate purchasing principles and guidelines have been followed. In this regard:

- All purchases for non-continuous supplies that are not completed through petty cash or credit cards must be completed in IPOS. **Where IPOS is not available a manual purchase order must be raised and authorised with the pink and green copies sent to accounts payable.** Additionally, copies of sponsorship agreement pro-formas must be provided to the Chief Financial Officer on a timely basis; and
- The delegated officer must be satisfied that Racing Queensland Limited's purchasing policy has been adhered to, and that appropriate documentation that supports the six key principles (value for money, open and fair competition etc) has been gathered, and is available for audit scrutiny if required. The managers of organisational areas have responsibility for ensuring supporting documentation is maintained and is accessible.

Enquiries regarding these purchasing principles should be directed to the Chief Executive Officer or Chief Financial Officer.

IPOS

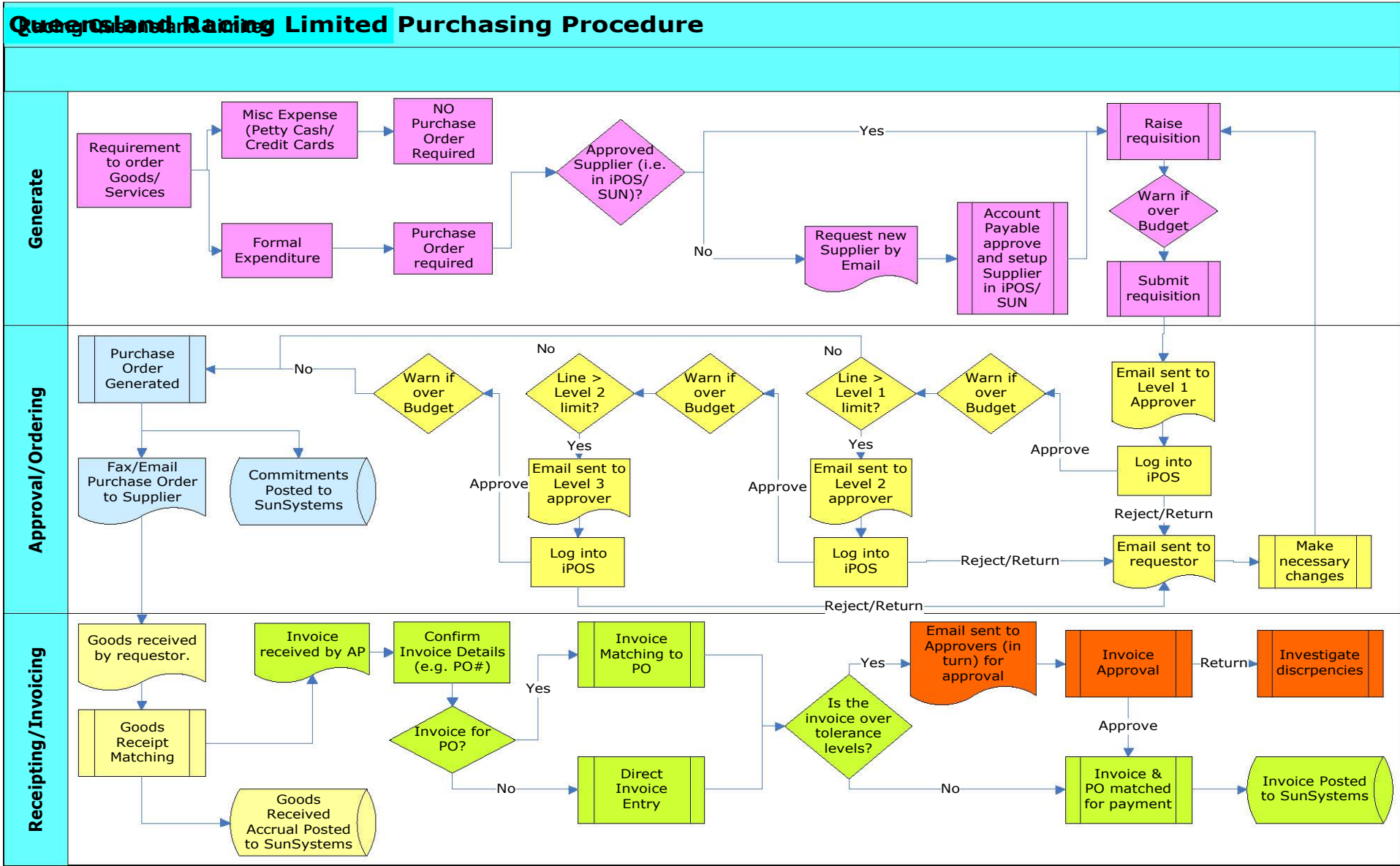
IPOS is an online web enable electronic procurement system. It has been custom built to meet Racing Queensland Limited and industry needs and greatly enhances Racing Queensland Limited's ability to operate in today's modern information driven environment.

Where IPOS is not available a manual purchase order must be raised and authorized with the pink and green copies sent to accounts payable.

The main objectives of IPOS are:

- To provide the underlying systems to enable the business to obtain tighter budgetary controls, including the recording of committed expenditure,
- To provide managers with the appropriate tools to focus on their individual budgets,
- Implementation of systemic controls over the procure to pay process,
- Improved reporting to the whole business,
- To bring Racing Queensland Limited in line with best practice procurement through taking advantage of e-commerce, electronic purchase ordering and scanning.
- Provide more real time reporting with less reliance on accounts payable,
- Introduction of process efficiencies for accounts payable, removing the many manual processes currently in use, such as manual purchase order generation and invoice approvals.
- Ability to interface with supplier ordering systems resulting in less manual entry.

The process map for Racing Queensland Limited's procurement process is featured below.



The major advantage of IPOS is that it enforces Racing Queensland Limited's purchasing policy in an electronic procurement system. All management delegations are enforced at requisition and invoice stage. Separation of duties ensures that only requisitioners can create purchase orders and only management can authorise.

From 1 July 2010 where applicable all invoices will only be paid if an IPOS purchase order number is quoted on the invoice. Instances where invoices do not require IPOS purchase orders are Energy, phones, rates and other standard monthly charges.

IPOS Procedures are linked below:

<http://starcraft:8080/finance/Shared%20Documents/Forms/AllItems.aspx>
<link to be updated>

Payment Methods

1. Direct Debit

1.1 Business Condition

Purchases that occur at set times throughout the year for set dollar amounts.

1.2 Business Rule

Invoices for goods or services that fall under this category include:

1. Rentals
2. Leases
3. Superannuation

Payments will be made via direct debit at the time dictated by the invoice.

1.3 Dependencies

Payments must be fixed frequency and price.

2. Cheque

2.1 Business Condition

One-off purchases that can not be paid through any other alternative option. RQL will only pay by cheque under exceptional circumstances otherwise all payments are to be made by electronic funds transfer.

3. Electronic Funds Transfer (EFT)

All other purchases will be paid by Electronic Funds Transfer (EFT) unless previously authorised by the Chief Financial Officer

Payment Summary

A summary of the different methods for paying invoices is provided below:

Payment Types	Business Condition
EFT	Used for standard purchasing from preferred suppliers Used for emergency purchases from preferred supplier in response to an emergency situation
Direct Debit	Used for purchases that occur at set times throughout the year for set dollar amounts
Cheque	Used for miscellaneous purchases on a "case-by-case" basis only. To be used only in exceptional circumstances.
Credit Cards	Used for purchases made with non-preferred suppliers for dollar amounts up to delegated authority.
Petty Cash	Used for miscellaneous purchasing of items with a value of less than \$100 unless authorised by the Chief Financial Officer

Summary of Key Controls

As a high level summary, the key controls associated with the procurement system are:

- Only deal with suppliers who have a valid ABN.
- Three quotes required for amounts of \$10,000 or more where a preferred supplier is not used.
- Tax invoices to be obtained at all times.
- Required signatures for goods received.
- Vendor creation, deletion or addition must be performed by the Accounts Payable Officer and the bank account details are required in accordance to the Sun Security matrix to be entered by an Accounts Receivable Officer who does not have the ability to raise purchase orders or make payments in SUN. The change of details form is located G:\Finance\FORMS\Accounts Payable\Change of Details form.xls.
- Invoices are only paid after the prior approval of a purchase order (excluding credit card statement payments and direct debits) and after goods have been received.
- Established delegation limits with a 10% tolerance level up to a limit of \$100
- Credit card holders can make transactions greater than their delegation limit provided a purchase requisition with appropriate approval has been obtained first.
- All Capital purchases require a Capital Expenditure request form.
- Major Repairs and Maintenance of \$20,000 or more require a Major Repairs and Maintenance form.

In addition to the above, Racing Queensland Limited should perform an annual supplier analysis to review expenditure to determine that value for money is being achieved.

Credit Facilities

A credit facility is any system of credit established to allow purchase of goods or services without the use of an official purchase order or the exchange of cash between the purchaser and supplier at the time of the transaction.

The credit facilities generally used by the Company are:

- Corporate credit cards
- Fuel cards
- Taxi vouchers
- Toll cards.

The establishment of any credit facility requires the recommendation of the Chief Financial Officer and approval from the Company. The Chief Financial Officer is responsible for the establishment, implementation, management and control of credit facilities used by the Company.

All credit facilities must be subject to the agreed terms and conditions between the credit provider and the Company.

Users of credit facilities must comply with the agreed terms and conditions, and properly discharge responsibilities regarding the use and reconciliation of credit accounts. Users are responsible for utilising the facilities in a proper and appropriate manner, and are accountable for all transactions associated with their use.

Users are also responsible for the security of the card/vouchers. Misuse of credit facilities will, at the discretion of the Board, result in the user's access to the facility being revoked and appropriate disciplinary action being taken.

Corporate Credit Cards

Principles. The policies and procedures pertaining to corporate credit cards are contained in the following policy: RQL_Expense Reimbursement Policy.doc

<Update link when on Intranet>

Issue. Corporate credit cards will be issued to relevant officers on the basis of the card providing a necessary and convenient facility for meeting commitments incurred in the course of official business.

The issue of corporate credit cards is to be recorded in a register that is maintained by an appropriate officer, e.g. Accounts Payable Officer. Corporate card use should be restricted to a specific transaction limit in any one month.

Documentation.

The following conditions governing the use of credit cards prevail:

A register of cards must be established and maintained to exercise control over the issue and use of cards.

- Only authorised charges may be made against the credit organisation;
- Cards must be secured at all times against unauthorised use;
- Internal control measures must be sufficient to ensure cards are used for official purposes only and that any misuse is detected promptly and reported to the Chief Financial Officer.
- Officers using a credit card must obtain particulars of transactions including supporting invoices and dockets duly signed. A Credit Card Usage Form must be completed with the invoices attached. Supporting documentation can include the vendor's invoice/account, copy of prior approval to travel/entertain (where applicable), and purchase order. Where supporting invoices or dockets are not available, a signed certificate stating that the transactions are valid and were for official purposes must be attached. Details of all hospitality/entertainment expenses must be fully documented with the purpose of the expense, guest name(s), date, refreshments, time and the like.

Reconciliation.

- The documentation must be forwarded promptly to an accounting officer for attachment to the credit card transaction record for the purposes of sustaining the official use of the card and settlement of the amount within the required period;
- An accounting officer must match the dockets to the statements received from the credit card organisation;
- The dockets and the summary of these dockets showing the charges incurred by the use of credit cards must be properly authorised by a duly authorised officer; and
- The use of credit cards for the purchase of goods and services must be in strict accordance with the expense reimbursement policy of Racing Queensland Limited.
- Failure to provide receipts and the reconciliation in a timely manner will result in the card being cancelled and the employee will have to be reimbursed expenditure through the expense reimbursement policy

Fuel Cards

Issue. The issue of fuel cards is to be recorded in a register maintained by the Finance area.

Responsibilities. Users of the fuel card credit facility are responsible for utilising the facility in a proper and appropriate manner. Users are also responsible for the security of the card while it is in their possession, and are accountable for all transactions associated with its use during that period.

Use. Fuel cards are to be used only in accordance with the agreement between the credit provider and the Company. This includes locations where the card may be used, vehicle for which the card may be used and the types of purchases that are permitted (e.g. fuel only, fuel and oil).

Documentation. Fuel card transactions are to be supported by documentary evidence of the purchase (e.g. the fuel card docket provided by the fuel supplier). This documentation is to be forwarded to the Finance Area and will be used when reconciling the credit provider's account and making payment.

Taxi Vouchers

Issue. Bulk stocks and the issue of taxi vouchers are to be maintained by the Finance area. The Accounts Payable Officer is responsible for the issue of taxi vouchers within their area of responsibility. This officer should ensure that taxi vouchers are issued for appropriate use.

Use. The use of taxi vouchers is strictly limited to taxi travel for the purpose of conducting official business within or outside business hours when neither an official vehicle is available, nor is public transport an acceptable option.

E Tolls

Issue. The Chief Financial Officer is responsible for approving the issue of E toll within their area of responsibility.

Officers may purchase pre-paid tolls only by credit card.

Use. The use of tolls is limited to conditions as specified under the motor vehicle policy.

SPONSORSHIP AGREEMENT

BETWEEN:

(The Sponsor)

AND RACING QUEENSLAND LIMITED, a control body established under the *Racing Act 2002* and *Corporations Act 2001*

(The Sponsored)

WHEREAS The Sponsor has agreed to provide sponsorship in accordance with this agreement.

AND The Sponsored has agreed to provide services in return for the sponsorship.

This Agreement provides:

1. The Sponsor will provide the following sponsorship to the Sponsored:
 Details of Sponsorship [If insufficient space annex details]
 - Money (here detail the sum of any monies to be paid to the Sponsored)
 - Support (here detail all support services including the value thereof to be supplied to the Sponsored)
2. The Sponsored will provide the following services to the Sponsor: [If insufficient space annex details]
 - Services (here detail all services including their value to be supplied by the Sponsored in return for the sponsorship)
3. It is hereby acknowledged that:
 - (a) The Sponsored will issue a recipient created tax invoice to the Sponsor to meet Goods and Services Tax obligations in relation to the supply of money and for support;
 - (b) The Sponsor will issue a recipient created tax invoice to the Sponsored to meet Good and Services Tax obligations in relation to the supply of services.

DATED this _____ day of _____ 20__

SIGNED AS AN AGREEMENT

SPONSOR

Full name of authorised officer

Signature of authorised officer

Signed in the presence of

SPONSORED

RACING QUEENSLAND LIMITED

Full name of authorised officer

Signature of authorised officer

Signed in the presence of



PURCHASING POLICY

Owner

General Manager of Corporate Services

Stakeholders

Corporate Wide

Revision History

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	May 2010	First draft (Murray Dyke)/Reviewed Adam Carter
1.02	12 May 2010	Provided to Tracey Harris and Abhendra Kumar for Feedback
1.03	22 June 2010	Reviewed AC
1.04	1 July 2010	RQL Board Changes (FINAL)
1.05	9 June 2011	Reviewed Adam Carter and Sharon Drew
1.06	1 July 2011	Approved by RQL Board – Capital Expenditure and Repairs and Maintenance
1.07	25 October 2011	Added: 1. Delegation authority of \$50K for the Project Director. 2. Industry Infrastructure Plan Section. Made minor changes to the Capital Expenditure and Repairs and Maintenance forms.
1.08	4 November 2011	Approved by RQL Board – changes made as per version 1.07
1.09	19 March 2012	Approved by RQL Board – changes to authorisation to include online procurement system
1.10	16 July 2012	Authority levels to reflect recent organisational structure change effective 1 July 2012
1.11	16 November 2012	Increase Authority level of the Facility Manager Albion Park and amend section “Compliance with Commonwealth Government & Australian Business Number Legislation” in relation to PAYG Withholding.



PURCHASING POLICY:

RACING QUEENSLAND LIMITED

Introduction

This policy has been prepared to provide guidelines and procedures to be followed by officers of Racing Queensland Limited when undertaking and managing purchasing activities to meet the organisation's operational requirements and also meet the objectives of the policy.

Racing Queensland Limited is the Control Body established by, and obtaining its objects and functions from, the *Racing Act 2002* and its Constitution. Racing Queensland Limited is required to conduct its financial activities with probity and accountability, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC.

Key Principles

In conducting its purchasing activities it is the policy of Racing Queensland Limited to adhere, at all times, to the key principles of:

1. Value for money;
2. Quality of product, service, and support;
3. Open and fair competition;
4. Accountability of outcomes;
5. Use of Queensland product where price competitive, and where quality standards are met; and
6. Suppliers are compliant with all taxation requirements.

Policy

These principles have been applied in developing policy for the following key purchasing activities:

- Capital works projects;
- Consulting services;

-
- Sponsorship contracts;
 - Information technology;
 - Other capital expenditure;
 - Major repairs and maintenance;
 - Day to day purchasing of services and supplies;
 - Industry Infrastructure Plan; and
 - Credit Facilities

There is also a focus on using preferred suppliers as explained in this report in further detail. The procurement system should result in the following benefits:

- Reduce operating costs;
- Reduce risk;
- Increase control; and
- Improve cash flow visibility

Capital Works Projects

Racing Queensland Limited plays a major role in the implementation of industry capital works projects each year. Racing Queensland Limited establishes an annual program of capital works, within a specified budget, following consideration of proposals from race clubs and advice from relevant officers within the organisation.

The policy of Racing Queensland Limited, in relation to the implementation of approved projects, is briefly addressed below:

- Once projects are given preliminary approval through the annual capital budgeting process, race clubs will be required to provide detailed design and costing information, and a project plan, prepared by a suitably qualified and experienced independent consultant. Racing Queensland Limited may, at its discretion, instigate an assessment of this documentation by its own consulting engineers. Any variation to the estimate used in applying for inclusion in the capital works program must be disclosed and explained. Variations of greater than 10% from the preliminary estimate are to be referred back to the Board of Racing Queensland Limited;
- Assuming the project cost following detailed design is contained within 10% of the preliminary estimate, and Racing Queensland Limited is satisfied with the standard of documentation provided, final approval will be given for the project to proceed (Chief Executive Officer or General Manager of Corporate Services);
- After final approval has been given, race clubs will be instructed that they can establish formal contractual arrangements for the construction works, in accordance with the approved budget. In establishing these contracts the club must pay regard to the key purchasing principles contained within this policy. Following establishment of the works contracts, Racing Queensland Limited will make payment of a grant to the club, equivalent to the agreed industry contribution. This grant will represent payment for a taxable supply, and will have GST added; and
- Following completion of the project, the club will provide Racing Queensland Limited with a report, which addresses the outcomes of the project, including cost to budget, quality of product, and timeliness.

Consulting Services

Racing Queensland Limited uses consulting services in a number of aspects of its operations including legal, information technology, human resource management, financial management, business development, and marketing.

These consultancies vary from short-term “one-off” contracts, to longer-term arrangements, which may encompass a series of different activities (e.g. marketing and promotional work).

For short-term “one-off” contracts the following policy guidelines are to apply:

- The six key purchasing principles outlined above are to be applied at all times;
- For contracts under \$10,000 in value, preferred supplier arrangements* can be used. That is, where a purchasing officer is satisfied that a consultant that has provided a high quality service in the past, has the necessary expertise to undertake the work, and is available in an appropriate timeframe, that consultant can be appointed without a formal competitive process being undertaken. If such a person is not available, three quotes from prospective consultants should be obtained and evaluated;

(* Please note that where preferred supplier arrangements are referred to later in this document for other categories of purchasing, similar procedures to those above will apply)

- For contracts between \$10,000 and \$100,000, tenders should be called from at least three “preferred” contractors. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles. The evaluation of the proposals should be undertaken by two accountable officers, and be approved by a delegated officer (Chief Executive Officer or General Manager of Corporate Services);
- For contracts over \$100,000, will be subject to Board discretion as to the waiver of an open tender, including appropriate advertising of the consultancy. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers, and be approved by a delegated officer.

For longer-term consultancy arrangements (e.g. the ongoing purchase of external legal services that cannot be delivered in-house), which may involve the use of a preferred supplier or suppliers for a range of individual tasks over an extended period of time, the following guidelines are to be followed:

- The purchasing officer may select a consultant for a range of tasks from a panel of preferred suppliers for the type of work involved;
- Prior to such a selection, a competitive process, adhering to the six key purchasing principles of Racing Queensland Limited, to appoint the panel of preferred suppliers must have been undertaken, be appropriately documented, and be signed-off by a delegated officer;
- In selecting the preferred supplier from the panel, the purchasing officer must clearly document the reasons for the selection, and be accountable for that selection. The selection must be approved by a delegated officer; and
- Individual consultancy contracts over \$100,000 in value are not to be entered into under these preferred supplier arrangements. For such consultancies, will be subject to Board discretion as to the waiver of an open tender, as described above, must be followed.

Sponsorship Contracts

Racing Queensland Limited may enter into sponsorship contracts of a cash and exchange-of-goods and/or services (“contra”) nature.

In establishing these contracts, officers must adhere to Racing Queensland Limited’s key purchasing principles, particularly those of “accountability of outcomes”, and “compliance with all taxation requirements”. With these principles in mind, a Sponsorship Agreement pro-forma (refer to Appendix A) is to be prepared for all sponsorship arrangements, regardless of whether they involve a cash payment, or are solely contra in nature.

The sponsorship agreement is to clearly specify the goods and/or services that are to be delivered by both Racing Queensland Limited and the sponsor, and identify the value of these supplies so that GST obligations, including Tax Invoicing, can be satisfied.

All sponsorship agreements are to be authorised by an officer of Racing Queensland Limited with appropriate delegation, and a copy is to be provided to the Finance Section so that Tax Invoices can be prepared, and GST liabilities and credits accounted for.

Information Technology

The acquisition of information technology hardware and software represents a substantial investment of capital by Racing Queensland Limited each year.

Given the advancing nature of IT and the need to upgrade hardware and systems applications on an ongoing basis, it is the policy of Racing Queensland Limited to acquire such items through leasing arrangements. In this regard the following is to apply:

- A tender process, through a preferred supplier arrangement, is to be undertaken for the establishment of a medium to long-term lease contract for the supply of computer equipment, and other general office equipment where appropriate;
- This contract is to be reviewed on an annual basis to ensure the key principles of “value for money” and “quality of service and support” are being satisfied;
- Where a requirement to add items to the schedule covered by the lease has been identified, the purchasing officer must ensure the purchasing principles are adhered to. For items under \$10,000, preferred supplier arrangements can be used. For items \$10,000 or over, three quotes must be obtained. Appropriate documentation to support the purchasing decisions must be maintained at all times; and

The IT Section is also required to develop and maintain an *IT asset replacement strategy*, incorporating a list of all hardware and software under lease (or purchased), and information on the condition and expected useful life of individual items.

Other Capital Expenditure

Motor Vehicles

Racing Queensland Limited maintains a fleet of vehicles provided for both work and private use. These vehicles are to be leased through the appropriate lease provider under the following arrangements:

- the leasing of a new vehicle must be approved by the Chief Executive Officer or General Manager of Corporate Services; and
- The type and model of the vehicle, and any optional extras, must be commensurate with the status and nature of the role performed by the officer for which the car is being acquired, and be in accordance with the entitlements the officer has under his/her contract of employment;
- All vehicles are to be replaced after three years, or having travelled 90,000 klms, whichever comes first, unless the Chief Executive Officer or General Manager of Corporate Services agrees to an extension of the leasing term.

Vehicles are to be leased in line with the Racing Queensland Limited’s Motor Vehicle Policy, for further details email ap@racingqueensland.com.au

On disposal of company-owned vehicles, three trade-in quotes must be obtained, where possible, with the highest trade-in valuation the key consideration in selecting the successful dealer. Racing Queensland Limited staff may be given the option to purchase the vehicle that is being traded, at no less than \$1 more than the best trade-in valuation. The Chief Executive Officer or General Manager of Corporate Services will determine the successful staff bidder in the event of two or more staff bidding for the same vehicle being traded.

Other Capital Purchases

All other capital purchases (e.g. office machines) made by Racing Queensland Limited are to adhere to the following guidelines:

A request for capital expenditure form is to be completed for all capital purchases and is to be authorised by both the Chief Executive Officer and General Manager of Corporate Services.

- The six key purchasing principles outlined above are to be applied at all times;
- For items under \$10,000 in value, preferred supplier arrangements can be used;
- For capital items between \$10,000 and \$100,000, quotes should be called from at least three “preferred” suppliers. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles;
- For capital items over \$100,000, will be subject to Board discretion as to the waiver of an open tender. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers; and
- For all capital purchases of \$10,000 or more, a lease versus buy analysis is to be undertaken.

Major Repairs and Maintenance

Major Repairs and Maintenance purchases of \$20,000 or more made by Racing Queensland Limited are to adhere to the following guidelines:

A request for major repairs and maintenance expenditure form is to be completed for purchases of \$20,000 or more and is to be authorised by both the General Manager of Operations and the General Manager of Corporate Service to the value of \$50,000. Purchases of \$50,000 or more will require an additional approval by the Chief Executive Officer.

Day to day Purchasing of Services and Supplies.

Policy in relation to the day to day purchasing of services and supplies is as follows:

- For items supplied on a continuous basis (e.g. stationery, consumables, printing) preferred supplier arrangements may be used. Purchasing officers must ensure that the key purchasing principles are adhered to, especially “value for money” and “quality of service”;
- In this regard, officers are required to conduct a competitive process for the selection of a panel of preferred suppliers, for continuous supplies, on an annual basis. Documentation must be prepared and maintained in respect of preferred supplier selection, and the subsequent selection of a supplier from the panel for particular purchases;
- However, for any individual supply or service, which would normally form part of a continuous supply by an individual, that is to cost the organisation \$100,000 or more, an open competitive process must be undertaken. That is, any individual supply which is to cost \$100,000 or more, cannot form part of a continuous purchasing contract made under preferred supplier arrangements;
- For non-continuous supplies and services (e.g. “one-off” printing jobs) preferred supplier arrangements can be used for purchases under \$10,000, on the basis that Racing Queensland Limited’s key principles are satisfied. At least three competitive quotes must be obtained for any purchase of \$10,000 or more.

Industry Infrastructure Plan;

Policy in relation to the approval of supplier payments specifically related to the Industry Infrastructure Plan is as follows;

- Once the Business Case and Project Funding Deeds have been approved and the budget has been approved by the RQL Board
- All invoices must be checked and signed by the General Manager of Operations even if outside of delegation limit. The General Manager of Operations is to obtain the approval of the CEO if over his delegation limit.

- All delegations are to be in line with the RQL purchasing policy.
- The CEO can sign and approve all items within the project budget and this includes amounts above \$150,000.
- All items outside of the approved budget with a tolerance level of greater than either 1% or \$200K of the project value will require Board approval.

Strict adherence to the project funding deeds between the State of Queensland and Racing Queensland Limited must be maintained at all times.

Preferred Suppliers

As much as possible, Racing Queensland Limited should consolidate its suppliers and utilise preferred suppliers for either off-the-shelf goods/services where there are several sources of supply and the purchase is low risk or where there is an established relationship with a proven record of success. The advantages of using preferred suppliers are that it streamlines and simplifies purchasing, reduces administrative costs and promotes cost savings through volume discounts and exclusivity arrangements. Other benefits are that it minimises costs and risk for suppliers through not being required to regularly prepare and submit quotations.

1.1. Selection of Preferred Suppliers

The selection of preferred suppliers should be based on selection criteria that could include:

- Technical capability and experience
- Financial capacity and viability
- System and management responsibility incorporating product and service compliance with agreed industry standards
- People
- Business/organisation factors
- Favourable referee reports (a successful track record to deliver)
- Racing Queensland Limited's 6 key principles:
 1. Value for money;
 2. Quality of product, service, and support;
 3. Open and fair competition;
 4. Accountability of outcomes;
 5. Use of Queensland product where price competitive, and where quality standards are met; and
 6. Suppliers are compliant with all taxation requirements.

1.2 Preferred Suppliers Listing.

The current preferred suppliers list can be obtained from [accounts payable ap@racingqueensland.com.au](mailto:accounts_payable_ap@racingqueensland.com.au) or can be located at the following link:

RACING QUEENSLAND LIMITED

Item	Regional Senior Stewards	Non TAB THB Racing Mgr, Senior Business Analyst, Business Services Mgr, Chief Stewards, Greyhound Facility Supervisor, GAP Mgr	Industry Training & Workforce Development Mgr, Harness Racing Mgr, Greyhound Racing Mgr, TAB THB Racing Mgr	Commercial & Racing Development Mgr, Chief Information Officer, Chief Stipendary Steward, Director of Development, Facility Services Mgr Albion Park	Finance Mgr, Legal Council	General Manager of Operations, General Manager of Corporate Services	Chief Executive Officer	Board of Directors
Overall Delegation	<\$500	<\$2,000	<\$5,000	<\$10,000	<\$20,000	<\$50,000	<\$150,000 &/Or In line with Budget	Unlimited

Standard Purchase Orders	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS
Emergency Purchase Orders	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS
Requisition – Miscellaneous Purchases (Credit Cards) (Refer to Expense Reimbursement policy for conditions)	X	X	X	X	<\$20,000 and to Budget	To Budget	To Budget	Same as above
Petty Cash	<\$100	<\$100	<\$100	<\$100	<\$100	<\$300	<\$300	<\$300
Capital Expenditure Purchase Orders and Request Forms	X	X	X	X	X	Forecast projects if <\$50,000 or if satisfied CEO has previously approved the project	Any single project where included in approved operational annual/infrastructure budget	Any single project above \$150,000
Domestic (Interstate) travel	X	X	X	To Budget	To Budget	To Budget	To Budget	If outside aggregate annual budget
International Travel	X	X	X	X	X	X	To Budget	If outside aggregate annual budget
Official Hospitality	<\$100	<\$100	<\$100 <\$300 Senior Management Team	<\$100 <\$300 Senior Management Team	<\$300	<\$300 or other functions as approved by CEO	To Budget	Yes
Sponsorship	X	X	X	Authorities restricted to IT&Comms Manager or Marketing Manager and Senior Corporate Counsel/Company	To Budget	To Budget	To Budget	Yes, subject to Board agreement

RACING QUEENSLAND LIMITED

Item	Regional Senior Stewards	Non TAB THB Racing Mgr, Senior Business Analyst, Business Services Mgr, Chief Stewards, Greyhound Facility Supervisor, GAP Mgr	Industry Training & Workforce Development Mgr, Harness Racing Mgr, Greyhound Racing Mgr, TAB THB Racing Mgr	Commercial & Racing Development Mgr, Chief Information Officer, Chief Stipendary Steward, Director of Steward Development, Facility Services Mgr Albion Park	Finance Mgr, Legal Council	General Manager of Operations, General Manager of Corporate Services	Chief Executive Officer	Board of Directors
Overall Delegation	<\$500	<\$2,000	<\$5,000	<\$10,000	<\$20,000	<\$50,000	<\$150,000 &/Or In line with Budget	Unlimited

				Secretary				
Contractual Agreements (all contracts to be reviewed by Senior Corporate Counsel/Company Secretary for updating of Contracts register and assess if any legal advice is required)	X	X	X	X	<\$20,000 total value (not lease or license) assuming that authorised to sign in ordinary operations	Yes with CEO assuming CEO previously approved and legally authorised to sign where <\$100,000	Yes where value <\$150,000	Yes, subject to Board agreement
Execution of Contractual agreements (All contracts to be reviewed by Senior Corporate Counsel/Company Secretary for updating of contracts register and assess if any legal advice is required)		To be executed by 2 Directors of the Company or a Director and a Company Secretary of the Company (S127 (1) – Corporations Act 2001).						

The same delegations above apply to the payment of invoices with one exception:

- An invoice can be approved by a person with a lesser delegation provided the original purchase order was approved appropriately and the invoice does not exceed an amount that exceeds 10% of the original purchase order.

It should be noted that as a business rule, staff are not allowed to circumvent their delegation by raising multiple orders to purchase a good or service for an amount that exceeds their delegation limit.

Delegations

All expenditures for goods and services are to be authorised by a duly delegated officer and are to be in line with operational and industry infrastructure budget. These delegations are as follows:

Unlimited

- Board of Directors
- In line with Budget Chief Executive Officer

Up to \$50,000

- General Manager of Corporate Services
- General Manager of Operations

Up to \$20,000

- Finance Manager
- Legal Council

Up to \$10,000

- Commercial & Racing Development Manager
- Chief Information Officer
- Chief Stipendiary Steward
- Director of Steward Development
- Facility Services Manager Albion Park

Up to \$5,000

- Industry Training & Workforce Development Manager
- Harness Racing Manager
- Greyhound Racing Manager
- TAB Thoroughbred Racing Manager

Up to \$2,000

- Non TAB Thoroughbred Racing Manager
- Senior Business Analyst
- Business Services Manager
- Chief Stewards
- Greyhound Facility Supervisor
- GAP Manager

Up to \$500

- Regional Senior Stewards (Northern Region – Townsville, Senior Steward Capricornia Rockhampton and Steward in Charge Downs - Toowoomba)

Capitalisation of expenditure

Expenditure on discreetly identifiable plant and equipment items of **\$2,000** and above will be capitalised where the future benefit of that expenditure exceeds one year at the time of purchase. All land purchases must be capitalised.

The Chief Executive Officer or General Manager of Corporate Services may approve the capitalisation of services expenditures of \$2,000 and above where those services have a future benefit exceeding one year. All assets which are under \$2,000 must be expensed in the year of purchase and recorded in the portable and attractive items register. All other service expenditures shall be written off in the financial year the expenditure was incurred.

Compliance with Commonwealth Government GST & Australian Business Number legislation

The Commonwealth Government implementation of GST and Australian Business Number legislation, has given rise to some additional obligations in respect of purchasing. These are as follows:

- Organisations are required to withhold 46.5% of any payment to a supplier of goods or services that does not provide an ABN. In response to this, it is the policy of Racing Queensland Limited that no supplies be purchased from entities that are unable to quote an ABN, unless pre approval is granted by the Finance Manager and the accompanying ATO forms are complete;
- All suppliers to Racing Queensland Limited are to be advised that they must be able to provide a "Tax Invoice" in the form specified by the GST legislation, to enable Racing Queensland Limited to claim input credits. Under law, the supplier must supply Racing Queensland Limited with a Tax Invoice within 28 days of request. Racing Queensland Limited staff should not enter into contractual arrangements with suppliers unless satisfied that the supplier will be able to provide a suitable Tax Invoice; and
- When obtaining quotes or prices from potential suppliers, purchasing officers must satisfy themselves that the prices quoted are GST inclusive.

Documentation and the Role of the Finance Department

The Finance Department plays the lead role in ensuring Racing Queensland Limited meets its obligations under the *Corporations Act 2001*, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC through the development and implementation of appropriate accounting policies and controls.

While the Department will work to ensure operational areas within the organisation are meeting their obligations under the purchasing guidelines, senior managers also have a role to play in monitoring the purchasing activities of their staff.

With regard to documentation, all acquisitions need to be supported by evidence that appropriate purchasing principles and guidelines have been followed. In this regard:

- All purchases for non-continuous supplies that are not completed through petty cash or credit cards must be completed in IPOS. **Where IPOS is not available a manual purchase order must be raised and authorised with the pink and green copies sent to accounts payable.** Additionally, copies of sponsorship agreement pro-formas must be provided to the General Manager of Corporate Services on a timely basis; and
- The delegated officer must be satisfied that Racing Queensland Limited's purchasing policy has been adhered to, and that appropriate documentation that supports the six key principles (value for money, open and fair competition etc.) has been gathered, and is available for audit scrutiny if required. The managers of organisational areas have responsibility for ensuring supporting documentation is maintained and is accessible.

Enquiries regarding these purchasing principles should be directed to the Chief Executive Officer or General Manager of Corporate Services.

IPOS

IPOS is an online web enable electronic procurement system. It has been custom built to meet Racing Queensland Limited and industry needs and greatly enhances Racing Queensland Limited's ability to operate in today's modern information driven environment.

Where IPOS is not available a manual purchase order must be raised and authorized with the pink and green copies sent to accounts payable.

The main objectives of IPOS are:

- To provide the underlying systems to enable the business to obtain tighter budgetary controls, including the recording of committed expenditure,
- To provide managers with the appropriate tools to focus on their individual budgets,
- Implementation of systemic controls over the procure to pay process,
- Improved reporting to the whole business,
- To bring Racing Queensland Limited in line with best practice procurement through taking advantage of e-commerce, electronic purchase ordering and scanning.
- Provide more real time reporting with less reliance on accounts payable,

-
- Introduction of process efficiencies for accounts payable, removing the many manual processes currently in use, such as manual purchase order generation and invoice approvals.
 - Ability to interface with supplier ordering systems resulting in less manual entry.

The process map for Racing Queensland Limited's procurement process is featured below.

The major advantage of IPOS is that it enforces Racing Queensland Limited's purchasing policy in an electronic procurement system. All management delegations are enforced at requisition and invoice stage. Separation of duties ensures that only requisitioners can create purchase orders and only management can authorise.

From 1 May 2012 where applicable all invoices will only be paid if an IPOS purchase order number is quoted on the invoice. Instances where invoices do not require IPOS purchase orders are Energy, phones, rates and other standard monthly charges.

IPOS Procedures are linked below:

<http://sharepoint/Forms/Forms/AllItems.aspx>

Payment Methods

1. Direct Debit

1.1 Business Condition

Purchases that occur at set times throughout the year for set dollar amounts.

1.2 Business Rule

Invoices for goods or services that fall under this category include:

1. Rentals
2. Leases
3. Superannuation

Payments will be made via direct debit at the time dictated by the invoice.

1.3 Dependencies

Payments must be fixed frequency and price.

2. Cheque

2.1 Business Condition

One-off purchases that cannot be paid through any other alternative option. RQL will only pay by cheque under exceptional circumstances otherwise all payments are to be made by electronic funds transfer.

3. Electronic Funds Transfer (EFT)

All other purchases will be paid by Electronic Funds Transfer (EFT) unless previously authorised by the Finance Manager

Payment Summary

A summary of the different methods for paying invoices is provided below:

Payment Types	Business Condition
EFT	Used for standard purchasing from preferred suppliers Used for emergency purchases from preferred supplier in response to an emergency situation
Direct Debit	Used for purchases that occur at set times throughout the year for set dollar amounts
Cheque	Used for miscellaneous purchases on a "case-by-case" basis only. To be used only in exceptional circumstances.
Credit Cards	Used for purchases made with non-preferred suppliers for dollar amounts up to delegated authority.
Petty Cash	Used for miscellaneous purchasing of items with a value of less than \$100 unless authorised by the Finance Manager

Summary of Key Controls

As a high level summary, the key controls associated with the procurement system are:

- Only deal with suppliers who have a valid ABN.
- Three quotes required for amounts of \$10,000 or more where a preferred supplier is not used.
- Tax invoices to be obtained at all times.
- Required signatures for goods received.
- Vendor creation, deletion or addition must be performed by the Accounts Payable Officer and the bank account details are required in accordance to the Sun Security matrix to be entered by an Accounts Receivable Officer who does not have the ability to raise purchase orders or make payments in SUN. The change of details form is located G:\Finance\FORMS\Accounts Payable\Change of Details form.xls.
- Invoices are only paid after the prior approval of a purchase order (excluding credit card statement payments and direct debits) and after goods have been received.
- Established delegation limits with a 10% tolerance level up to a limit of \$100
- Credit card holders can make transactions greater than their delegation limit provided a purchase requisition with appropriate approval has been obtained first.
- All Capital purchases require a Capital Expenditure request form.
- Major Repairs and Maintenance of \$20,000 or more require a Major Repairs and Maintenance form.

In addition to the above, Racing Queensland Limited should perform an annual supplier analysis to review expenditure to determine that value for money is being achieved.

Credit Facilities

A credit facility is any system of credit established to allow purchase of goods or services without the use of an official purchase order or the exchange of cash between the purchaser and supplier at the time of the transaction.

The credit facilities generally used by the Company are:

- Corporate credit cards
- Fuel cards
- Taxi vouchers
- Toll cards.

The establishment of any credit facility requires the recommendation of the General Manager of Corporate Services and approval from the Company. The General Manager of Corporate Services is responsible for the establishment, implementation, management and control of credit facilities used by the Company.

All credit facilities must be subject to the agreed terms and conditions between the credit provider and the Company.

Users of credit facilities must comply with the agreed terms and conditions, and properly discharge responsibilities regarding the use and reconciliation of credit accounts. Users are responsible for utilising the facilities in a proper and appropriate manner, and are accountable for all transactions associated with their use.

Users are also responsible for the security of the card/vouchers. Misuse of credit facilities will, at the discretion of the Board, result in the user's access to the facility being revoked and appropriate disciplinary action being taken.

Corporate Credit Cards

Principles. The policies and procedures pertaining to corporate credit cards are contained in the following policy: RQL_Expense Reimbursement Policy.doc

<Update link when on Intranet>

Issue. Corporate credit cards will be issued to relevant officers on the basis of the card providing a necessary and convenient facility for meeting commitments incurred in the course of official business.

The issue of corporate credit cards is to be recorded in a register that is maintained by an appropriate officer, e.g. Accounts Payable Officer. Corporate card use should be restricted to a specific transaction limit in any one month.

Documentation.

The following conditions governing the use of credit cards prevail:

A register of cards must be established and maintained to exercise control over the issue and use of cards.

- Only authorised charges may be made against the credit organisation;
- Cards must be secured at all times against unauthorised use;
- Internal control measures must be sufficient to ensure cards are used for official purposes only and that any misuse is detected promptly and reported to the Finance Manager.
- Officers using a credit card must obtain particulars of transactions including supporting invoices and dockets duly signed. A Credit Card Usage Form must be completed with the invoices attached. Supporting documentation can include the vendor's invoice/account, copy of prior approval to travel/entertain (where applicable), and purchase order. Where supporting invoices or dockets are not available, a signed certificate stating that the transactions are valid and were for official purposes must be attached. Details of all hospitality/entertainment expenses must be fully documented with the purpose of the expense, guest name(s), date, refreshments, time and the like.

Reconciliation.

- The documentation must be forwarded promptly to an accounting officer for attachment to the credit card transaction record for the purposes of sustaining the official use of the card and settlement of the amount within the required period;
- An accounting officer must match the dockets to the statements received from the credit card organisation;
- The dockets and the summary of these dockets showing the charges incurred by the use of credit cards must be properly authorised by a duly authorised officer; and
- The use of credit cards for the purchase of goods and services must be in strict accordance with the expense reimbursement policy of Racing Queensland Limited.
- Failure to provide receipts and the reconciliation in a timely manner will result in the card being cancelled and the employee will have to be reimbursed expenditure through the expense reimbursement policy

Fuel Cards

Issue. The issue of fuel cards is to be recorded in a register maintained by the Finance area.

Responsibilities. Users of the fuel card credit facility are responsible for utilising the facility in a proper and appropriate manner. Users are also responsible for the security of the card while it is in their possession, and are accountable for all transactions associated with its use during that period.

Use. Fuel cards are to be used only in accordance with the agreement between the credit provider and the Company. This includes locations where the card may be used, vehicle for which the card may be used and the types of purchases that are permitted (e.g. fuel only, fuel and oil).

Documentation. Fuel card transactions are to be supported by documentary evidence of the purchase (e.g. the fuel card docket provided by the fuel supplier). This documentation is to be forwarded to the Finance Area and will be used when reconciling the credit provider's account and making payment.

Taxi Vouchers

Issue. Bulk stocks and the issue of taxi vouchers are to be maintained by the Finance area. The Accounts Payable Officer is responsible for the issue of taxi vouchers within their area of responsibility. This officer should ensure that taxi vouchers are issued for appropriate use.

Use. The use of taxi vouchers is strictly limited to taxi travel for the purpose of conducting official business within or outside business hours when neither an official vehicle is available, nor is public transport an acceptable option.

E Tolls

Issue. The General Manager of Corporate Services is responsible for approving the issue of E toll within their area of responsibility.

Officers may purchase pre-paid tolls only by credit card.

Use. The use of tolls is limited to conditions as specified under the motor vehicle policy.

SPONSORSHIP AGREEMENT

BETWEEN:

(The Sponsor)

AND RACING QUEENSLAND LIMITED, a control body established under the *Racing Act 2002* and *Corporations Act 2001*

(The Sponsored)

WHEREAS The Sponsor has agreed to provide sponsorship in accordance with this agreement.

AND The Sponsored has agreed to provide services in return for the sponsorship.

This Agreement provides:

1. The Sponsor will provide the following sponsorship to the Sponsored:
 Details of Sponsorship [If insufficient space annex details]
 - Money (here detail the sum of any monies to be paid to the Sponsored)
 - Support (here detail all support services including the value thereof to be supplied to the Sponsored)
2. The Sponsored will provide the following services to the Sponsor: [If insufficient space annex details]
 - Services (here detail all services including their value to be supplied by the Sponsored in return for the sponsorship)
3. It is hereby acknowledged that:
 - (a) The Sponsored will issue a recipient created tax invoice to the Sponsor to meet Goods and Services Tax obligations in relation to the supply of money and for support;
 - (b) The Sponsor will issue a recipient created tax invoice to the Sponsored to meet Good and Services Tax obligations in relation to the supply of services.

DATED this _____ day of _____ 20__

SIGNED AS AN AGREEMENT

SPONSOR

Full name of authorised officer

Signature of authorised officer

Signed in the presence of

SPONSORED

RACING QUEENSLAND LIMITED

Full name of authorised officer

Signature of authorised officer

Signed in the presence of



PURCHASING POLICY

Owner

Chief Financial Officer

Stakeholders

Corporate Wide

Revision History

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	May 2010	First draft (Murray Dyke)/Reviewed Adam Carter
1.02	12 May 2010	Provided to Tracey Harris and Abhendra Kumar for Feedback
1.03	22 June 2010	Reviewed AC
1.04	1 July 2010	RQL Board Changes (FINAL)
1.05	9 June 2011	Reviewed Adam Carter and Sharon Drew
1.06	1 July 2011	Approved by RQL Board – Capital Expenditure and Repairs and Maintenance
1.07	25 October 2011	Added: 1. Delegation authority of \$50K for the Project Director. 2. Industry Infrastructure Plan Section. Made minor changes to the Capital Expenditure and Repairs and Maintenance forms.
1.08	4 November 2011	Approved by RQL Board – changes made as per version 1.07
1.09	19 March 2012	Approved by RQL Board – changes to authorisation to include online procurement system



PURCHASING POLICY:

RACING QUEENSLAND LIMITED

Introduction

This policy has been prepared to provide guidelines and procedures to be followed by officers of Racing Queensland Limited when undertaking and managing purchasing activities to meet the organisation's operational requirements and also meet the objectives of the policy.

Racing Queensland Limited is the Control Body established by, and obtaining its objects and functions from, the *Racing Act 2002* and its Constitution. Racing Queensland Limited is required to conduct its financial activities with probity and accountability, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC.

Key Principles

In conducting its purchasing activities it is the policy of Racing Queensland Limited to adhere, at all times, to the key principles of:

1. Value for money;
2. Quality of product, service, and support;
3. Open and fair competition;
4. Accountability of outcomes;
5. Use of Queensland product where price competitive, and where quality standards are met; and
6. Suppliers are compliant with all taxation requirements.

Policy

These principles have been applied in developing policy for the following key purchasing activities:

- Capital works projects;
- Consulting services;
- Sponsorship contracts;
- Information technology;
- Other capital expenditure;
- Major repairs and maintenance;

- Day to day purchasing of services and supplies;
- Industry Infrastructure Plan; and
- Credit Facilities

There is also a focus on using preferred suppliers as explained in this report in further detail. The procurement system should result in the following benefits:

- Reduce operating costs;
- Reduce risk;
- Increase control; and
- Improve cash flow visibility

Capital Works Projects

Racing Queensland Limited plays a major role in the implementation of industry capital works projects each year. Racing Queensland Limited establishes an annual program of capital works, within a specified budget, following consideration of proposals from race clubs and advice from relevant officers within the organisation.

The policy of Racing Queensland Limited, in relation to the implementation of approved projects, is briefly addressed below:

- Once projects are given preliminary approval through the annual capital budgeting process, race clubs will be required to provide detailed design and costing information, and a project plan, prepared by a suitably qualified and experienced independent consultant. Racing Queensland Limited may, at its discretion, instigate an assessment of this documentation by its own consulting engineers. Any variation to the estimate used in applying for inclusion in the capital works program must be disclosed and explained. Variations of greater than 10% from the preliminary estimate are to be referred back to the Board of Racing Queensland Limited;
- Assuming the project cost following detailed design is contained within 10% of the preliminary estimate, and Racing Queensland Limited is satisfied with the standard of documentation provided, final approval will be given for the project to proceed (Chief Executive Officer or Chief Financial Officer);
- After final approval has been given, race clubs will be instructed that they can establish formal contractual arrangements for the construction works, in accordance with the approved budget. In establishing these contracts the club must pay regard to the key purchasing principles contained within this policy. Following establishment of the works contracts, Racing Queensland Limited will make payment of a grant to the club, equivalent to the agreed industry contribution. This grant will represent payment for a taxable supply, and will have GST added; and
- Following completion of the project, the club will provide Racing Queensland Limited with a report, which addresses the outcomes of the project, including cost to budget, quality of product, and timeliness.

Consulting Services

Racing Queensland Limited uses consulting services in a number of aspects of its operations including legal, information technology, human resource management, financial management, business development, and marketing.

These consultancies vary from short-term "one-off" contracts, to longer-term arrangements, which may encompass a series of different activities (e.g. marketing and promotional work).

For short-term "one-off" contracts the following policy guidelines are to apply:

- The six key purchasing principles outlined above are to be applied at all times;

- For contracts under \$10,000 in value, preferred supplier arrangements* can be used. That is, where a purchasing officer is satisfied that a consultant that has provided a high quality service in the past, has the necessary expertise to undertake the work, and is available in an appropriate timeframe, that consultant can be appointed without a formal competitive process being undertaken. If such a person is not available, three quotes from prospective consultants should be obtained and evaluated;

(* Please note that where preferred supplier arrangements are referred to later in this document for other categories of purchasing, similar procedures to those above will apply)

- For contracts between \$10,000 and \$100,000, tenders should be called from at least three “preferred” contractors. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles. The evaluation of the proposals should be undertaken by two accountable officers, and be approved by a delegated officer (Chief Executive Officer or Chief Financial Officer);
- For contracts over \$100,000, will be subject to Board discretion as to the waiver of an open tender, including appropriate advertising of the consultancy. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers, and be approved by a delegated officer.

For longer-term consultancy arrangements (e.g. the ongoing purchase of external legal services that cannot be delivered in-house), which may involve the use of a preferred supplier or suppliers for a range of individual tasks over an extended period of time, the following guidelines are to be followed:

- The purchasing officer may select a consultant for a range of tasks from a panel of preferred suppliers for the type of work involved;
- Prior to such a selection, a competitive process, adhering to the six key purchasing principles of Racing Queensland Limited, to appoint the panel of preferred suppliers must have been undertaken, be appropriately documented, and be signed-off by a delegated officer;
- In selecting the preferred supplier from the panel, the purchasing officer must clearly document the reasons for the selection, and be accountable for that selection. The selection must be approved by a delegated officer; and
- Individual consultancy contracts over \$100,000 in value are not to be entered into under these preferred supplier arrangements. For such consultancies, will be subject to Board discretion as to the waiver of an open tender, as described above, must be followed.

Sponsorship Contracts

Racing Queensland Limited may enter into sponsorship contracts of a cash and exchange-of-goods and/or services (“contra”) nature.

In establishing these contracts, officers must adhere to Racing Queensland Limited’s key purchasing principles, particularly those of “accountability of outcomes”, and “compliance with all taxation requirements”. With these principles in mind, a Sponsorship Agreement pro-forma (refer to Appendix A) is to be prepared for all sponsorship arrangements, regardless of whether they involve a cash payment, or are solely contra in nature.

The sponsorship agreement is to clearly specify the goods and/or services that are to be delivered by both Racing Queensland Limited and the sponsor, and identify the value of these supplies so that GST obligations, including Tax Invoicing, can be satisfied.

All sponsorship agreements are to be authorised by an officer of Racing Queensland Limited with appropriate delegation, and a copy is to be provided to the Finance Section so that Tax Invoices can be prepared, and GST liabilities and credits accounted for.

Information Technology

The acquisition of information technology hardware and software represents a substantial investment of capital by Racing Queensland Limited each year.

Given the advancing nature of IT and the need to upgrade hardware and systems applications on an ongoing basis, it is the policy of Racing Queensland Limited to acquire such items through leasing arrangements. In this regard the following is to apply:

- A tender process, through a preferred supplier arrangement, is to be undertaken for the establishment of a medium to long-term lease contract for the supply of computer equipment, and other general office equipment where appropriate;
- This contract is to be reviewed on an annual basis to ensure the key principles of “value for money” and “quality of service and support” are being satisfied;
- Where a requirement to add items to the schedule covered by the lease has been identified, the purchasing officer must ensure the purchasing principles are adhered to. For items under \$10,000, preferred supplier arrangements can be used. For items \$10,000 or over, three quotes must be obtained. Appropriate documentation to support the purchasing decisions must be maintained at all times; and

The IT Section is also required to develop and maintain an *IT asset replacement strategy*, incorporating a list of all hardware and software under lease (or purchased), and information on the condition and expected useful life of individual items.

Other Capital Expenditure

Motor Vehicles

Racing Queensland Limited maintains a fleet of vehicles provided for both work and private use. These vehicles are to be leased through the appropriate lease provider under the following arrangements:

- the leasing of a new vehicle must be approved by the Chief Executive Officer or Chief Financial Officer; and
- The type and model of the vehicle, and any optional extras, must be commensurate with the status and nature of the role performed by the officer for which the car is being acquired, and be in accordance with the entitlements the officer has under his/her contract of employment;
- All vehicles are to be replaced after three years, or having travelled 90,000 klms, whichever comes first, unless the Chief Executive Officer or Chief Financial Officer agrees to an extension of the leasing term.

Vehicles are to be leased in line with the Racing Queensland Limited’s Motor Vehicle Policy, for further details email ap@racingqueensland.com.au

On disposal of company-owned vehicles, three trade-in quotes must be obtained, where possible, with the highest trade-in valuation the key consideration in selecting the successful dealer. Racing Queensland Limited staff may be given the option to purchase the vehicle that is being traded, at no less than \$1 more than the best trade-in valuation. The Chief Executive Officer or Chief Financial Officer will determine the successful staff bidder in the event of two or more staff bidding for the same vehicle being traded.

Other Capital Purchases

All other capital purchases (e.g. office machines) made by Racing Queensland Limited are to adhere to the following guidelines:

A request for capital expenditure form is to be completed for all capital purchases and is to be authorised by both the Chief Executive Officer and Chief Financial Officer..

- The six key purchasing principles outlines above are to be applied at all times;
- For items under \$10,000 in value, preferred supplier arrangements can be used;
- For capital items between \$10,000 and \$100,000, quotes should be called from at least three “preferred” suppliers. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles;

- For capital items over \$100,000, will be subject to Board discretion as to the waiver of an open tender. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers; and
- For all capital purchases of \$10,000 or more, a lease versus buy analysis is to be undertaken.

Major Repairs and Maintenance

Major Repairs and Maintenance purchases of \$20,000 or more made by Racing Queensland Limited are to adhere to the following guidelines:

A request for major repairs and maintenance expenditure form is to be completed for purchases of \$20,000 or more and is to be authorised by both the Director of Product Development and Chief Financial Officer to the value of \$50,000). Purchases of \$50,000 or more will require an additional approval by the Chief Executive Officer.

Day to day Purchasing of Services and Supplies.

Policy in relation to the day to day purchasing of services and supplies is as follows:

- For items supplied on a continuous basis (e.g. stationery, consumables, printing) preferred supplier arrangements may be used. Purchasing officers must ensure that the key purchasing principles are adhered to, especially “value for money” and “quality of service”;
- In this regard, officers are required to conduct a competitive process for the selection of a panel of preferred suppliers, for continuous supplies, on an annual basis. Documentation must be prepared and maintained in respect of preferred supplier selection, and the subsequent selection of a supplier from the panel for particular purchases;
- However, for any individual supply or service, which would normally form part of a continuous supply by an individual, that is to cost the organisation \$100,000 or more, an open competitive process must be undertaken. That is, any individual supply which is to cost \$100,000 or more, cannot form part of a continuous purchasing contract made under preferred supplier arrangements;
- For non-continuous supplies and services (e.g. “one-off” printing jobs) preferred supplier arrangements can be used for purchases under \$10,000, on the basis that Racing Queensland Limited’s key principles are satisfied. At least three competitive quotes must be obtained for any purchase of \$10,000 or more.

Industry Infrastructure Plan;

Policy in relation to the approval of supplier payments specifically related to the Industry Infrastructure Plan is as follows;

- Once the Business Case and Project Funding Deeds have been approved and the budget has been approved by the RQL Board
- All invoices must be checked and signed by the Project Director even if outside of delegation limit. The Project Director is to obtain the approval of the CEO if over his delegation limit.
- All delegations are to be in line with the RQL purchasing policy.
- The CEO can sign and approve all items within the project budget and this includes amounts above \$150,000.
- All items outside of the approved budget with a tolerance level of greater than either 1% or \$200K of the project value will require Board approval.

Strict adherence to the project funding deeds between the State of Queensland and Racing Queensland Limited must be maintained at all times.

Preferred Suppliers

As much as possible, Racing Queensland Limited should consolidate its suppliers and utilise preferred suppliers for either off-the-shelf goods/services where there are several sources of supply and the purchase is low risk or where there is an established relationship with a proven record of success. The advantages of using preferred suppliers are that it streamlines and simplifies purchasing, reduces administrative costs and promotes cost savings through volume discounts and exclusivity arrangements. Other benefits are that it minimises costs and risk for suppliers through not being required to regularly prepare and submit quotations.

1.1. Selection of Preferred Suppliers

The selection of preferred suppliers should be based on selection criteria that could include:

- Technical capability and experience
- Financial capacity and viability
- System and management responsibility incorporating product and service compliance with agreed industry standards
- People
- Business/organisation factors
- Favourable referee reports (a successful track record to deliver)
- Racing Queensland Limited's 6 key principles:
 1. Value for money;
 2. Quality of product, service, and support;
 3. Open and fair competition;
 4. Accountability of outcomes;
 5. Use of Queensland product where price competitive, and where quality standards are met; and
 6. Suppliers are compliant with all taxation requirements.

1.2 Preferred Suppliers Listing.

The current preferred suppliers list can be obtained from [accounts payable ap@racingqueensland.com.au](mailto:accounts_payable_ap@racingqueensland.com.au) or can be located at the following link:

RACING QUEENSLAND LIMITED

Item	Regional Senior Stewards	Admin Authorities, Racecourse Supervisor, racing Manager – Procurement Track Supervisor	Managers, Chief Steward, Racing and Facilities Supervisor, Track Supervisor	Information Technology and Communications Manager, Licensing and Training Manager, Racing Managers – Dividing Races, Management Accountant, Revenue & Services Accountant	Director of Integrity Operations, Facility & Development Manager, Senior Corporate Counsel/Company Secretary	Chief Financial Officer, Director of Product Development, Project Director	Chief Executive Officer	Board of Directors
Overall Delegation	<\$500	<\$1,000	<\$2,000	<\$5,000	<\$20,000	<\$50,000	<\$150,000 &/Or In line with Budget	Unlimited

Standard Purchase Orders	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS
Emergency Purchase Orders	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS	IPOS
Requisition – Miscellaneous Purchases (Credit Cards) (Refer to Expense Reimbursement policy for conditions)	X	X	X	X	<\$20,000 and to Budget	To Budget	To Budget	Same as above
Petty Cash	<\$100	<\$100	<\$100	<\$100	<\$100	<\$300	<\$300	<\$300
Capital Expenditure Purchase Orders and Request Forms	X	X	X	X	X	Forecast projects if <\$50,000 or if satisfied CEO has previously approved the project	Any single project where included in approved operational annual/infrastructure budget	Any single project above \$150,000
Domestic (Interstate) travel	X	X	X	To Budget	To Budget	To Budget	To Budget	If outside aggregate annual budget
International Travel	X	X	X	X	X	X	To Budget	If outside aggregate annual budget
Official Hospitality	<\$100	<\$100	<\$100 <\$300 Senior Management Team	<\$100 <\$300 Senior Management Team	<\$300	<\$300 or other functions as approved by CEO	To Budget	Yes
Sponsorship	X	X	X	Authorities restricted to IT&Comms Manager or Marketing Manager and Senior Corporate Counsel/Company	To Budget	To Budget	To Budget	Yes, subject to Board agreement

RACING QUEENSLAND LIMITED

Item	Regional Senior Stewards	Admin Authorities, Racecourse Supervisor, racing Manager – Procurement Track Supervisor	Managers, Chief Steward, Racing and Facilities Supervisor, Track Supervisor	Information Technology and Communications Manager, Licensing and Training Manager, Racing Managers – Dividing Races, Management Accountant, Revenue & Services Accountant	Director of Integrity Operations, Facility & Development Manager, Senior Corporate Counsel/Company Secretary	Chief Financial Officer, Director of Product Development, Project Director	Chief Executive Officer	Board of Directors
Overall Delegation	<\$500	<\$1,000	<\$2,000	<\$5,000	<\$20,000	<\$50,000	<\$150,000 &/Or In line with Budget	Unlimited

				Secretary				
Contractual Agreements (all contracts to be reviewed by Senior Corporate Counsel/Company Secretary for updating of Contracts register and assess if any legal advice is required)	X	X	X	X	<\$20,000 total value (not lease or license) assuming that authorised to sign in ordinary operations	Yes with CEO assuming CEO previously approved and legally authorised to sign where <\$100,000	Yes where value <\$150,000	Yes, subject to Board agreement
Execution of Contractual agreements (All contracts to be reviewed by Senior Corporate Counsel/Company Secretary for updating of contracts register and assess if any legal advice is required)		To be executed by 2 Directors of the Company or a Director and a Company Secretary of the Company (S127 (1) – Corporations Act 2001).						

The same delegations above apply to the payment of invoices with one exception:

- An invoice can be approved by a person with a lesser delegation provided the original purchase order was approved appropriately and the invoice does not exceed an amount that exceeds 10% of the original purchase order.

It should be noted that as a business rule, staff are not allowed to circumvent their delegation by raising multiple orders to purchase a good or service for an amount that exceeds their delegation limit.

Delegations

All expenditures for goods and services are to be authorised by a duly delegated officer and are to be in line with operational and industry infrastructure budget. These delegations are as follows:

Unlimited

- Board of Directors
- In line with Budget Chief Executive Officer

Up to \$50,000

- Chief Financial Officer
- Director of Product Development
- Project Director

Up to \$20,000

- Director of Integrity Operations
- Facility Maintenance and Development Manager
- Senior Corporate Counsel/Company Secretary

Up to \$5,000

- Information Technology and Communications Manager
- Racing Managers – Dividing Races
- Licensing and Training Manager
- Accountant – Corporate Services
- Management Accountant

Up to \$2,000

- Race Course Facility Managers
- Chief Steward
- Track supervisor

Up to \$1,000

- Administrative Authorities – Executive Assistants including Track Supervisors
- Racing Managers - Procurement
- Racecourse Supervisor

Up to \$500

- Regional Senior Stewards (Northern Region – Townsville, Senior Steward Capricornia Rockhampton and Steward in Charge Downs - Toowoomba)

Capitalisation of expenditure

Expenditure on discreetly identifiable plant and equipment items of **\$2,000** and above will be capitalised where the future benefit of that expenditure exceeds one year at the time of purchase. All land purchases must be capitalised.

The Chief Executive Officer or Chief Financial Officer may approve the capitalisation of services expenditures of \$2,000 and above where those services have a future benefit exceeding one year. All assets which are under \$2,000 must be expensed in the year of purchase and recorded in the portable and attractive items register. All other service expenditures shall be written off in the financial year the expenditure was incurred.

Compliance with Commonwealth Government GST & Australian Business Number legislation

The Commonwealth Government implementation of GST and Australian Business Number legislation, has given rise to some additional obligations in respect of purchasing. These are as follows:

- Organisations are required to withhold 46.5% of any payment to a supplier of goods or services that does not provide an ABN. In response to this, it is the policy of Racing Queensland Limited that no supplies be purchased from entities that are unable to quote an ABN;
- All suppliers to Racing Queensland Limited are to be advised that they must be able to provide a "Tax Invoice" in the form specified by the GST legislation, to enable Racing Queensland Limited to claim input credits. Under law, the supplier must supply Racing Queensland Limited with a Tax Invoice within 28 days of request. Racing Queensland Limited staff should not enter into contractual arrangements with suppliers unless satisfied that the supplier will be able to provide a suitable Tax Invoice; and
- When obtaining quotes or prices from potential suppliers, purchasing officers must satisfy themselves that the prices quoted are GST inclusive.

Documentation and the Role of the Finance Department

The Finance Department plays the lead role in ensuring Racing Queensland Limited meets its obligations under the *Corporations Act 2001*, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC through the development and implementation of appropriate accounting policies and controls.

While the Department will work to ensure operational areas within the organisation are meeting their obligations under the purchasing guidelines, senior managers also have a role to play in monitoring the purchasing activities of their staff.

With regard to documentation, all acquisitions need to be supported by evidence that appropriate purchasing principles and guidelines have been followed. In this regard:

- All purchases for non-continuous supplies that are not completed through petty cash or credit cards must be completed in IPOS. **Where IPOS is not available a manual purchase order must be raised and authorised with the pink and green copies sent to accounts payable.** Additionally, copies of sponsorship agreement pro-formas must be provided to the Chief Financial Officer on a timely basis; and
- The delegated officer must be satisfied that Racing Queensland Limited's purchasing policy has been adhered to, and that appropriate documentation that supports the six key principles (value for money, open and fair competition etc) has been gathered, and is available for audit scrutiny if required. The managers of organisational areas have responsibility for ensuring supporting documentation is maintained and is accessible.

Enquiries regarding these purchasing principles should be directed to the Chief Executive Officer or Chief Financial Officer.

IPOS

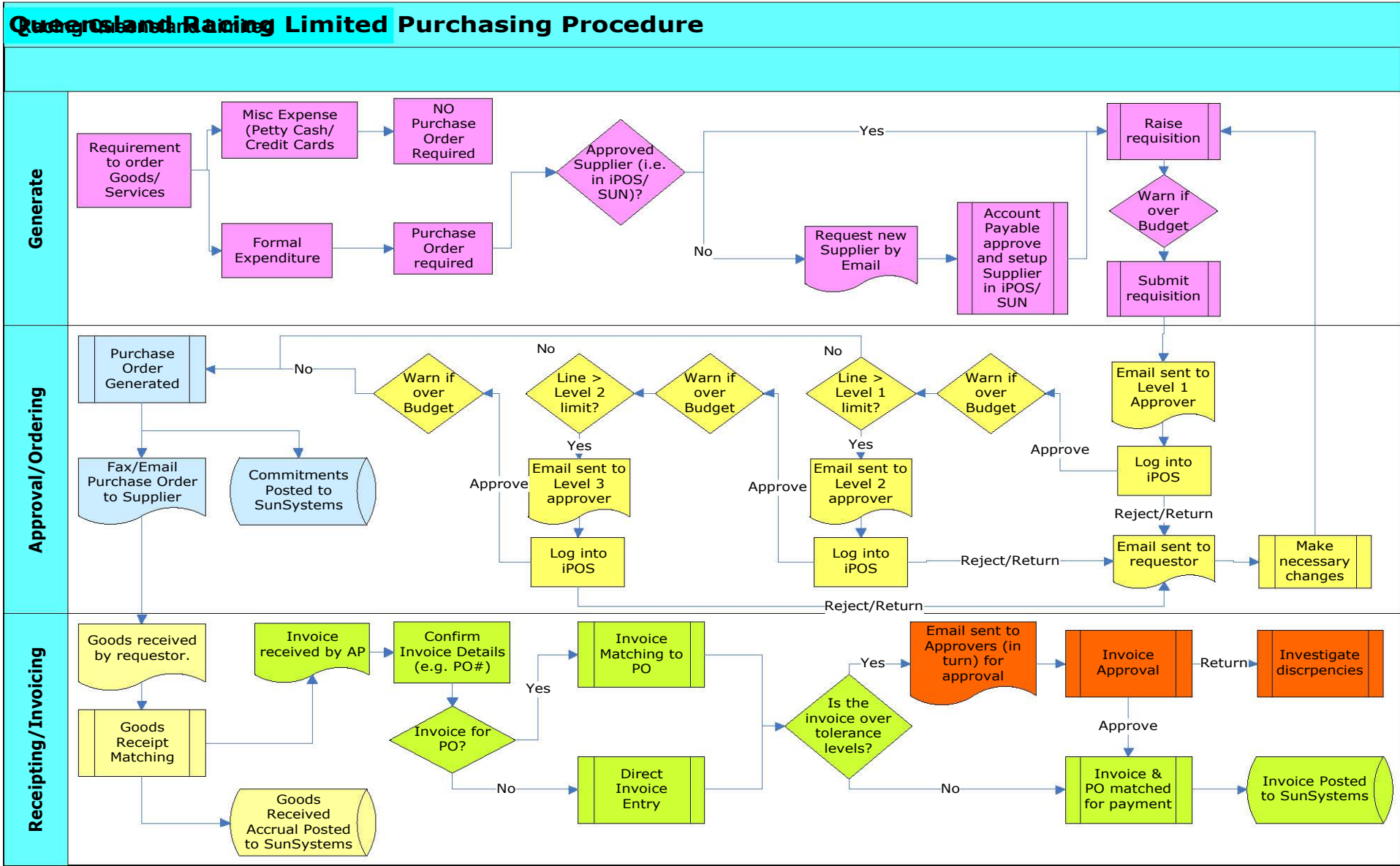
IPOS is an online web enable electronic procurement system. It has been custom built to meet Racing Queensland Limited and industry needs and greatly enhances Racing Queensland Limited's ability to operate in today's modern information driven environment.

Where IPOS is not available a manual purchase order must be raised and authorized with the pink and green copies sent to accounts payable.

The main objectives of IPOS are:

- To provide the underlying systems to enable the business to obtain tighter budgetary controls, including the recording of committed expenditure,
- To provide managers with the appropriate tools to focus on their individual budgets,
- Implementation of systemic controls over the procure to pay process,
- Improved reporting to the whole business,
- To bring Racing Queensland Limited in line with best practice procurement through taking advantage of e-commerce, electronic purchase ordering and scanning.
- Provide more real time reporting with less reliance on accounts payable,
- Introduction of process efficiencies for accounts payable, removing the many manual processes currently in use, such as manual purchase order generation and invoice approvals.
- Ability to interface with supplier ordering systems resulting in less manual entry.

The process map for Racing Queensland Limited's procurement process is featured below.



The major advantage of IPOS is that it enforces Racing Queensland Limited's purchasing policy in an electronic procurement system. All management delegations are enforced at requisition and invoice stage. Separation of duties ensures that only requisitioners can create purchase orders and only management can authorise.

From 1 May 2012 where applicable all invoices will only be paid if an IPOS purchase order number is quoted on the invoice. Instances where invoices do not require IPOS purchase orders are Energy, phones, rates and other standard monthly charges.

IPOS Procedures are linked below:

<http://sharepoint/Forms/Forms/AllItems.aspx>

Payment Methods

1. Direct Debit

1.1 Business Condition

Purchases that occur at set times throughout the year for set dollar amounts.

1.2 Business Rule

Invoices for goods or services that fall under this category include:

1. Rentals
2. Leases
3. Superannuation

Payments will be made via direct debit at the time dictated by the invoice.

1.3 Dependencies

Payments must be fixed frequency and price.

2. Cheque

2.1 Business Condition

One-off purchases that can not be paid through any other alternative option. RQL will only pay by cheque under exceptional circumstances otherwise all payments are to be made by electronic funds transfer.

3. Electronic Funds Transfer (EFT)

All other purchases will be paid by Electronic Funds Transfer (EFT) unless previously authorised by the Chief Financial Officer

Payment Summary

A summary of the different methods for paying invoices is provided below:

Payment Types	Business Condition
EFT	Used for standard purchasing from preferred suppliers Used for emergency purchases from preferred supplier in response to an emergency situation
Direct Debit	Used for purchases that occur at set times throughout the year for set dollar amounts
Cheque	Used for miscellaneous purchases on a "case-by-case" basis only. To be used only in exceptional circumstances.
Credit Cards	Used for purchases made with non-preferred suppliers for dollar amounts up to delegated authority.
Petty Cash	Used for miscellaneous purchasing of items with a value of less than \$100 unless authorised by the Chief Financial Officer

Summary of Key Controls

As a high level summary, the key controls associated with the procurement system are:

- Only deal with suppliers who have a valid ABN.
- Three quotes required for amounts of \$10,000 or more where a preferred supplier is not used.
- Tax invoices to be obtained at all times.
- Required signatures for goods received.
- Vendor creation, deletion or addition must be performed by the Accounts Payable Officer and the bank account details are required in accordance to the Sun Security matrix to be entered by an Accounts Receivable Officer who does not have the ability to raise purchase orders or make payments in SUN. The change of details form is located G:\Finance\FORMS\Accounts Payable\Change of Details form.xls.
- Invoices are only paid after the prior approval of a purchase order (excluding credit card statement payments and direct debits) and after goods have been received.
- Established delegation limits with a 10% tolerance level up to a limit of \$100
- Credit card holders can make transactions greater than their delegation limit provided a purchase requisition with appropriate approval has been obtained first.
- All Capital purchases require a Capital Expenditure request form.
- Major Repairs and Maintenance of \$20,000 or more require a Major Repairs and Maintenance form.

In addition to the above, Racing Queensland Limited should perform an annual supplier analysis to review expenditure to determine that value for money is being achieved.

Credit Facilities

A credit facility is any system of credit established to allow purchase of goods or services without the use of an official purchase order or the exchange of cash between the purchaser and supplier at the time of the transaction.

The credit facilities generally used by the Company are:

- Corporate credit cards
- Fuel cards
- Taxi vouchers
- Toll cards.

The establishment of any credit facility requires the recommendation of the Chief Financial Officer and approval from the Company. The Chief Financial Officer is responsible for the establishment, implementation, management and control of credit facilities used by the Company.

All credit facilities must be subject to the agreed terms and conditions between the credit provider and the Company.

Users of credit facilities must comply with the agreed terms and conditions, and properly discharge responsibilities regarding the use and reconciliation of credit accounts. Users are responsible for utilising the facilities in a proper and appropriate manner, and are accountable for all transactions associated with their use.

Users are also responsible for the security of the card/vouchers. Misuse of credit facilities will, at the discretion of the Board, result in the user's access to the facility being revoked and appropriate disciplinary action being taken.

Corporate Credit Cards

Principles. The policies and procedures pertaining to corporate credit cards are contained in the following policy: RQL_Expense Reimbursement Policy.doc

<Update link when on Intranet>

Issue. Corporate credit cards will be issued to relevant officers on the basis of the card providing a necessary and convenient facility for meeting commitments incurred in the course of official business.

The issue of corporate credit cards is to be recorded in a register that is maintained by an appropriate officer, e.g. Accounts Payable Officer. Corporate card use should be restricted to a specific transaction limit in any one month.

Documentation.

The following conditions governing the use of credit cards prevail:

A register of cards must be established and maintained to exercise control over the issue and use of cards.

- Only authorised charges may be made against the credit organisation;
- Cards must be secured at all times against unauthorised use;
- Internal control measures must be sufficient to ensure cards are used for official purposes only and that any misuse is detected promptly and reported to the Chief Financial Officer.
- Officers using a credit card must obtain particulars of transactions including supporting invoices and dockets duly signed. A Credit Card Usage Form must be completed with the invoices attached. Supporting documentation can include the vendor's invoice/account, copy of prior approval to travel/entertain (where applicable), and purchase order. Where supporting invoices or dockets are not available, a signed certificate stating that the transactions are valid and were for official purposes must be attached. Details of all hospitality/entertainment expenses must be fully documented with the purpose of the expense, guest name(s), date, refreshments, time and the like.

Reconciliation.

- The documentation must be forwarded promptly to an accounting officer for attachment to the credit card transaction record for the purposes of sustaining the official use of the card and settlement of the amount within the required period;
- An accounting officer must match the dockets to the statements received from the credit card organisation;
- The dockets and the summary of these dockets showing the charges incurred by the use of credit cards must be properly authorised by a duly authorised officer; and
- The use of credit cards for the purchase of goods and services must be in strict accordance with the expense reimbursement policy of Racing Queensland Limited.
- Failure to provide receipts and the reconciliation in a timely manner will result in the card being cancelled and the employee will have to be reimbursed expenditure through the expense reimbursement policy

Fuel Cards

Issue. The issue of fuel cards is to be recorded in a register maintained by the Finance area.

Responsibilities. Users of the fuel card credit facility are responsible for utilising the facility in a proper and appropriate manner. Users are also responsible for the security of the card while it is in their possession, and are accountable for all transactions associated with its use during that period.

Use. Fuel cards are to be used only in accordance with the agreement between the credit provider and the Company. This includes locations where the card may be used, vehicle for which the card may be used and the types of purchases that are permitted (e.g. fuel only, fuel and oil).

Documentation. Fuel card transactions are to be supported by documentary evidence of the purchase (e.g. the fuel card docket provided by the fuel supplier). This documentation is to be forwarded to the Finance Area and will be used when reconciling the credit provider's account and making payment.

Taxi Vouchers

Issue. Bulk stocks and the issue of taxi vouchers are to be maintained by the Finance area. The Accounts Payable Officer is responsible for the issue of taxi vouchers within their area of responsibility. This officer should ensure that taxi vouchers are issued for appropriate use.

Use. The use of taxi vouchers is strictly limited to taxi travel for the purpose of conducting official business within or outside business hours when neither an official vehicle is available, nor is public transport an acceptable option.

E Tolls

Issue. The Chief Financial Officer is responsible for approving the issue of E toll within their area of responsibility.

Officers may purchase pre-paid tolls only by credit card.

Use. The use of tolls is limited to conditions as specified under the motor vehicle policy.

SPONSORSHIP AGREEMENT

BETWEEN:

(The Sponsor)

AND RACING QUEENSLAND LIMITED, a control body established under the *Racing Act 2002* and *Corporations Act 2001*

(The Sponsored)

WHEREAS The Sponsor has agreed to provide sponsorship in accordance with this agreement.

AND The Sponsored has agreed to provide services in return for the sponsorship.

This Agreement provides:

1. The Sponsor will provide the following sponsorship to the Sponsored:
 Details of Sponsorship [If insufficient space annex details]
 - Money (here detail the sum of any monies to be paid to the Sponsored)
 - Support (here detail all support services including the value thereof to be supplied to the Sponsored)
2. The Sponsored will provide the following services to the Sponsor: [If insufficient space annex details]
 - Services (here detail all services including their value to be supplied by the Sponsored in return for the sponsorship)
3. It is hereby acknowledged that:
 - (a) The Sponsored will issue a recipient created tax invoice to the Sponsor to meet Goods and Services Tax obligations in relation to the supply of money and for support;
 - (b) The Sponsor will issue a recipient created tax invoice to the Sponsored to meet Good and Services Tax obligations in relation to the supply of services.

DATED this _____ day of _____ 20__

SIGNED AS AN AGREEMENT

SPONSOR

Full name of authorised officer

Signature of authorised officer

Signed in the presence of

SPONSORED

RACING QUEENSLAND LIMITED

Full name of authorised officer

Signature of authorised officer

Signed in the presence of



ADDENDUM TO PURCHASING POLICY

Owner

Chief Financial Officer

Stakeholders

Corporate Wide

Revision History

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	25 Nov 2011	Draft Addendum to RQL Purchasing Policy



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PURCHASING POLICY: INFRASTRUCTURE PLAN RACING QUEENSLAND LIMITED

Introduction

This addendum has been prepared to expand on the RQL General Purchasing Policy which provides guidelines and procedures to be followed by officers of Racing Queensland Limited when undertaking and managing purchasing activities to meet the organisation's operational requirements and also meet the objectives of the policy.

The Racing Queensland Infrastructure Plan has been designed to improve and further develop racing industry infrastructure by way of a \$110 million redirection of wagering taxes from the QLD government. Projects have been identified and funds allocated to each project.

Given the size and scale of these projects this addendum to the Racing Queensland Purchasing Policy has been developed to ensure the necessary additional steps are taken to ensure all projects funded are completed in an accountable and transparent manner to the highest standards.

The purchasing policy, including this addendum form the basis upon which the Industry Infrastructure Plan Committee is guided in the procurements of goods and services relating to the projects that make up the Industry Infrastructure Plan. (See IIPC Charter)

Racing Queensland Limited is the Control Body established by, and obtaining its objects and functions from, the *Racing Act 2002* and its Constitution. Racing Queensland Limited is required to conduct its financial activities with probity and accountability, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC.

Key Principles

In conducting all of its purchasing activities, including infrastructure plan projects, it is the policy of Racing Queensland Limited to adhere, at all times, to the key principles of:

1. Value for money;
2. Quality of product, service, and support;
3. Open and fair competition;
4. Probity and Accountability of outcomes;
5. Use of Queensland product where price competitive, and where quality standards are met; and
6. Suppliers are compliant with all taxation requirements.

Policy

There is also a focus on using preferred suppliers as explained in this report in further detail. The procurement system should result in the following benefits:

- Reduce operating costs;
- Reduce risk;
- Increase control; and
- Improve cash flow visibility

Industry Infrastructure Plan

Racing Queensland Limited's Infrastructure Plan procurement policy must adhere to the strictest guidelines of Probity, Accountability and Transparency as the funds for these projects come directly from the QLD Government and as such are expenditure of these funds is expected to stand up to rigorous scrutiny.

Policy in relation to the approval of supplier payments specifically related to the Industry Infrastructure Plan is as follows;

- All invoices must be checked and signed by the Project Director even if outside of delegation limit.
- The Project Director is to obtain the approval of the CEO or Board if over his delegation limit.
- All delegations are to be in line with the RQL purchasing policy.
- All items outside of the approved budget with an aggregate tolerance level of greater than either 1% or \$200K of the project value will require Board approval.

Suppliers

As much as possible, Racing Queensland Limited should consolidate its suppliers and utilise preferred suppliers for either off-the-shelf goods/services where there are several sources of supply and the purchase is low risk or where there is an established relationship with a proven record of success. The advantages of using preferred suppliers are that it streamlines and simplifies purchasing, reduces administrative costs and promotes cost savings through volume discounts and exclusivity arrangements. Other benefits are that it minimises costs and risk for suppliers through not being required to regularly prepare and submit quotations.

1.1. Selection of Preferred Suppliers

The selection of preferred suppliers should be based on selection criteria that could include:

- Technical capability and experience
- Financial capacity and viability
- System and management responsibility incorporating product and service compliance with agreed industry standards
- People
- Business/organisation factors
- Favourable referee reports (a successful track record to deliver)

Racing Queensland Limited's 6 key principles:

1. Value for money;
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5. Use of Queensland product where price competitive, and where quality standards are met; and
6. Suppliers are compliant with all taxation requirements.

1.2. Preferred Suppliers Listing

Preferred Supplier listings for Infrastructure Plan projects are to be developed by inviting suppliers with experience and expertise in the key areas that make up the projects identified in the RQL Infrastructure Plan to tender for projects thereby forming supplier panels.

These supplier panels could be further refined by way of prequalifying of suppliers lists.

1.3. Prequalification of Suppliers

Prequalification is where suppliers of particular goods or services are assessed against pre-determined criteria and then only those suppliers who satisfy the prequalification criteria are invited to tender for projects.

Prequalification provides added confidence that suppliers being invited to offer have the capability to supply the goods and services. Prequalification does not eliminate the risk of contract failure, but, if well managed, is a method of reducing the risk and administrative burden created by repeated approaches to the market.

Suppliers that are successful in meeting the prequalification criteria are generally included on a database maintained by the purchaser. Prequalification of suppliers is a strategy best used when the buyer procures a particular type of good/service on a regular basis and the procurement tends to be complex and/or costly and/or there is a high degree of risk involved in the procurement.

Some goods and services required for the development of racing tracks and facilities would fall under this category. As a general guide only they have been categorised into five broad groups:

1. Technical capability and experience
2. Financial capability
3. Systems and managerial capability
4. People
5. Business/organisation factors

Potential suppliers are assessed against specific criteria established by the purchaser and if successful are placed on a prequalification database. When a specific need by the purchaser arises, the prequalified suppliers are invited to offer. The offers are evaluated by the purchaser according to the specific offer evaluation criteria and the successful offeror is awarded the contract. Performance reporting about suppliers is an integral part of any prequalification system and should be incorporated into the system.

1.4. Outsourcing of Supplier Panel Selection

The use of organisations specialising in procurement processes such as preferred supplier lists, prequalifying suppliers and other supplier related contractual arrangements may be an alternative or addition to in-house procurement processes.

Local Buy is one such organisation with experience in procurement processes for local government. Local Buy is the Local Government Association of Queensland (LGAQ) procurement services company. Local Buy develops contractual arrangements for councils and government entities, eliminating the need for government authorities to establish their own supply contracts. <http://www.localbuy.net.au/>

The use of this type of organisation may be beneficial for tendering and contracting arrangements relating to the infrastructure plan projects, as the suppliers are effectively pre-screened for compliance with government procurement suitability

1.5. Applications for Sole Supplier

In some special circumstances the normal practices as outlined above may need to be set aside. For these instances an exemption from normal policy practice may be applied for.

Reasons for such Exemptions include but are not confined to;

- (a) Accessing existing standing offer and/or preferred supplier arrangements
- (b) Pursuing subsequent stages of multi-staged procurement processes
- (c) A sole supply situation exists whereby a high degree of technical expertise is required
- (d) A genuine urgency exists. If this is the case there must at all times be adequate supporting documentation to prove urgency is genuine and not the result of inadequate planning

Unless the above stated exemption criteria is met, or other compelling reason is able to be supported, the current RQL Purchasing Policy with addendum will apply to the procurement of goods and services.

Consulting Services

Racing Queensland Limited uses consulting services in a number of aspects of its operations including legal, information technology, human resource management, financial management, business development, and marketing.

These consultancies vary from short-term "one-off" contracts, to longer-term arrangements, which may encompass a series of different activities (e.g. marketing and promotional work).

For short-term "one-off" contracts the following policy guidelines are to apply:

- The six key purchasing principles outlined above are to be applied at all times;
- For contracts under \$10,000 in value, preferred supplier arrangements* can be used. That is, where a purchasing officer is satisfied that a consultant that has provided a high quality service in the past, has the necessary expertise to undertake the work, and is available in an appropriate timeframe, that consultant can be appointed without a formal competitive process being undertaken. If such a person is not available, three quotes from prospective consultants should be obtained and evaluated;

(* Please note that where preferred supplier arrangements are referred to later in this document for other categories of purchasing, similar procedures to those above will apply)

- For contracts between \$10,000 and \$100,000, tenders should be called from at least three "preferred" contractors. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles. The evaluation of the proposals should be undertaken by two accountable officers, and be approved by a delegated officer (Chief Executive Officer or Chief Financial Officer);
- For contracts over \$100,000, will be subject to an open tender process unless the RQL Board waive the requirement of an open tender, including appropriate advertising of the consultancy. Advertising may take the form of website notices and/or Courier Mail advertisement. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers, and be approved by a delegated officer.

For longer-term consultancy arrangements (e.g. the ongoing provision of external services that cannot be delivered in-house), which may involve the use of a preferred supplier or suppliers for a range of individual tasks over an extended period of time, the following guidelines are to be followed:

- Individual consultancy contracts over \$100,000 in value are not to be entered into under these preferred supplier arrangements. Such consultancies, will be subject to Board discretion as to the waiver of an open tender, as described above, must be followed.

- The purchasing officer may select a consultant for a range of tasks from a panel of preferred suppliers for the type of work involved;
- A competitive process, adhering to the six key purchasing principles of Racing Queensland Limited, to appoint the panel of preferred suppliers must have been undertaken, be appropriately documented, and be signed-off by a delegated officer;
- In selecting the preferred supplier from the panel, the purchasing officer must clearly document the reasons for the selection, and be accountable for that selection. The selection must be approved by a delegated officer; and

Intellectual Property Rights

Intellectual property rights relating to plans, designs and concepts for Industry Infrastructure Plan projects are to reside with RQL. For this to be clearly articulated in any contractual arrangements there would need to be included in the document a clause to this effect.

Below is an example of such a clause;

'The physical ownership of, and ownership of intellectual property in, all plans, drawings, specifications, programs, computer data, samples, models, manuals, documents and all other information relating to the project remains vested at all times in the Company. The invited supplier may use and keep copies of such materials only for the purpose of providing services to the Company.'

Confidentiality and Security of information

The integrity of competitive procurement hinges on maintaining appropriate confidentiality that will protect information and give offerors the confidence to do business with Government. Confidentiality has many dimensions and confidentiality of submissions is particularly important prior to the awarding of the contract with information shared only on a 'need to know' basis.

Confidential information may include designated or defined (and as agreed) elements of the supplier's proposal, specific intellectual property and offerors pricing structures. Importantly, much of the information relating to the offer needs to be kept confidential up to the point where a contract is signed with the successful offeror.

A Confidentiality Agreements may include the following elements;

- The Contractor must not, and must ensure that its officers, employees, agents and sub-contractors do not use or disclose any Confidential information without RQL's consent
- The Contractor may disclose Confidential information to its officers, employees, agents and sub-contractors to the extent necessary for the performance of the arrangement, provided that the Contractor:
 - (a) Makes such persons aware that the information is confidential; and
 - (b) If directed by RQL during the contract term, obtains from such persons a confidentiality undertaking in a form acceptable to RQL
- RQL and Contractor must keep all Confidential information in a secure location so that no unauthorised person is able to gain access to it
- Upon receipt of a written request by RQL, either during the arrangement term or upon termination or expiration the arrangement, the Contractor must deliver to RQL any records in the Contractor's power, possession or control

Conflict of Interest

Conflicts of interest represent one of the potential threats to independence. A conflict of interest means having an interest (whether personal, financial or otherwise) which conflicts with, or may reasonably be perceived as conflicting with, the ability of the probity auditor or advisor to perform his/her obligations fairly and objectively. Perceived or potential conflicts of interest can be as damaging as actual conflicts of interest.

Recommended practice

The issue of independence should be specifically considered and addressed prior to engaging contractors, suppliers or consultants. At this stage, potential threats to independence should be considered as well as any safeguards that might eliminate or reduce the threats to independence. Independence is essential. A third party to the procurement should be able to rely on the fact that any and all potential conflicts of interest have been identified and recorded.

Potential goods and service providers should be required to divulge all potential threats to independence, including conflicts of interest, at the time of offer or as soon as any conflict becomes apparent during the service engagement. The service provider should be required to provide written assurance that he/she has no conflict of interest in the procurement, is able to remain objective and impartial throughout the engagement, and will provide notification of any conflict of interest, or compromise to independence, that arises during the engagement.

A Conflict of Interests document may contain the following elements;

- Contractor warrants that, to the best of its knowledge, as at commencement date neither contractor or any of its officers, employees or sub-contractors have, or are likely to have, a Conflict of Interest in the performance of its obligations under current or subsequent contracts
- If a conflict of Interest, or risk of such, arises during the term of the contract the contractor must immediately give notice of the Conflict of Interest, or risk of such, to RQL
- The Contractor must:
 - (a) Take all reasonable measures to ensure that its officers, employees and sub-contractors do not engage in any activity or obtain any interest which is in conflict with the Contractor's ability to fulfil its obligations to RQL in good faith and objectively, and
 - (b) Immediately give notice to RQL of any Conflict of interest relating to the activities or interests of any of its officers, employees or sub-contractors

Similarly all employees and agents of Racing Queensland Limited involved in any of the projects undertaken as part of the Infrastructure Plan are governed by the Employee Conflict of Interest policy of the company, and as such must immediately, in the event of a potential Conflict of Interest arising, notify their immediate manager of the issue.

Delegations

All expenditures for goods and services are to be authorised by a duly delegated officer and are to be in line with budget. These delegations are as follows:

Unlimited

- Board of Directors

Up to \$150,000

- Chief Executive Officer

Up to \$50,000

- Chief Financial Officer

- Director of Product Development

- Project Director

Capitalisation of expenditure

Expenditure on discreetly identifiable plant and equipment items of \$2,000 and above will be capitalised where the future benefit of that expenditure exceeds one year at the time of purchase. All land purchases must be capitalised.

The Chief Executive Officer or Chief Financial Officer may approve the capitalisation of services expenditures of \$2,000 and above where those services have a future benefit exceeding one year. All assets which are under \$2,000 must be expensed in the year of purchase and recorded in the portable and attractive items register. All other service expenditures shall be written off in the financial year the expenditure was incurred.

Compliance with Commonwealth Government GST & Australian Business Number legislation

The Commonwealth Government implementation of GST and Australian Business Number legislation, has given rise to some additional obligations in respect of purchasing. These are as follows:

- Organisations are required to withhold 46.5% of any payment to a supplier of goods or services that does not provide an ABN. In response to this, it is the policy of Racing Queensland Limited that no supplies be purchased from entities that are unable to quote an ABN;
- All suppliers to Racing Queensland Limited are to be advised that they must be able to provide a "Tax Invoice" in the form specified by the GST legislation, to enable Racing Queensland Limited to claim input credits. Under law, the supplier must supply Racing Queensland Limited with a Tax Invoice within 28 days of request. Racing Queensland Limited staff should not enter into contractual arrangements with suppliers unless satisfied that the supplier will be able to provide a suitable Tax Invoice; and
- When obtaining quotes or prices from potential suppliers, purchasing officers must satisfy themselves that the prices quoted are GST inclusive.

The same delegations on the following page (8) apply to the payment of invoices with one exception:

- An invoice can be approved by a person with a lesser delegation provided the original purchase order was approved appropriately and the invoice does not exceed an amount that exceeds 10% of the original purchase order.

It should be noted that as a business rule, staff are not permitted to circumvent their delegation by raising multiple orders to purchase a good or service for an amount that exceeds their delegation limit.

Documentation and the Role of the Finance Department

See Purchasing Policy and Racing Queensland limited Infrastructure Plan Internal Financial Process document

Item	Regional Senior Stewards	Admin Authorities, Racecourse Supervisor, racing Manager – Procurement Track Supervisor	Managers, Chief Steward, Racing and Facilities Supervisor, Track Supervisor	Information Technology and Communications Manager, Licensing and Training Manager, Racing Managers – Dividing Races, Management Accountant, Revenue & Services Accountant	Director of Integrity Operations, Facility & Development Manager, Senior Corporate Counsel/Company Secretary	Chief Financial Officer, Director of Product Development, Project Director	Chief Executive Officer	Board of Directors
Overall Delegation	<\$500	<\$1,000	<\$2,000	<\$5,000	<\$20,000	<\$50,000	<\$150,000 In line with Budget	Unlimited

Contractual Agreements (all contracts to be reviewed by Senior Corporate Counsel/Company Secretary for updating of Contracts register and assess if any legal advice is required)	X	X	X	X	<\$20,000 total value (not lease or license) assuming that authorised to sign in ordinary operations	Yes with CEO assuming CEO previously approved and legally authorised to sign where <\$100,000	Yes where value <\$150,000	Yes, subject to Board agreement
Execution of Contractual agreements (All contracts to be reviewed by Senior Corporate Counsel/Company Secretary for updating of contracts register and assess if any legal advice is required)		To be executed by 2 Directors of the Company or a Director and a Company Secretary of the Company (S127 (1) – Corporations Act 2001).						

Summary of Key Controls

As a high level summary, the key controls associated with the procurement system are:

- Only deal with suppliers who have a valid ABN.
- Three quotes required for amounts of \$10,000 or more where a preferred supplier is not used.
- Ensure appropriate delegation authorities applied
- Ensure probity and accountability in supplier selection process
- Confirm expenditure falls within approved budgets
- Ensure correct invoice coding to assist with budget review process
- Tax invoices to be obtained at all times.
- Required signatures for goods received.
- To ensure appropriate separation of duties; vendor creation, deletion or addition must be performed by the Accounts Payable Officer and the bank account details are required in accordance to the Sun Security matrix to be entered by an Accounts Receivable Officer who does not have the ability to raise purchase orders or make payments in SUN. The change of details form is located G:\Finance\FORMS\Accounts Payable\Change of Details form.xls.
- Invoices are only paid after the prior approval of a purchase order (excluding credit card statement payments and direct debits) and after goods have been received.

In addition to the above, Racing Queensland Limited should perform a routine supplier analysis to review expenditure to determine that value for money is being achieved, and all probity issues are addressed.

Reference material (available on QLD Govt website)

QLD State Procurement Policy

QLD Purchasing – Ethics, Probity and Accountability in Procurement

QLD Purchasing – Prequalifying Suppliers

QLD Purchasing – Engaging and Managing Consultants

QLD Govt – Capital Works Management Framework – Procurement Strategy and Contract Selection



ADDENDUM TO PURCHASING POLICY

Owner

Chief Financial Officer

Stakeholders

Corporate Wide

Revision History

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	25 Nov 2011	Draft Addendum to RQL Purchasing Policy
1.02	19 Dec 2011	Board Approved
1.03	19 Mar 2012	Adjustment to CEO Delegation



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Racing Queensland Limited's Infrastructure Plan procurement policy must adhere to the strictest guidelines of Probity, Accountability and Transparency as the funds for these projects come directly from the QLD Government and as such are expenditure of these funds is expected to stand up to rigorous scrutiny.

Strict adherence to the project funding deeds between the State of Queensland and Racing Queensland Limited must be maintained at all times.

Policy in relation to the approval of supplier payments specifically related to the Industry Infrastructure Plan is as follows;

- Once the Business Case and Project Funding Deeds have been approved and the budget has been approved by the RQL Board
- All invoices must be checked and signed by the Project Director even if outside of delegation limit. The Project Director is to obtain the approval of the CEO if over his delegation limit.
- All delegations are to be in line with the RQL purchasing policy.
- The CEO can sign and approve all items within the project budget and this includes amounts above \$150,000.
- All items outside of the approved budget with a tolerance level of greater than either 1% or \$200K of the project value will require Board approval.

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As much as possible, Racing Queensland Limited should consolidate its suppliers and utilise preferred suppliers for either off-the-shelf goods/services where there are several sources of supply and the purchase is low risk or where there is an established relationship with a proven record of success. The advantages of using preferred suppliers are that it streamlines and simplifies purchasing, reduces administrative costs and promotes cost savings through volume discounts and exclusivity arrangements. Other benefits are that it minimises costs and risk for suppliers through not being required to regularly prepare and submit quotations.

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 - (a) Makes such persons aware that the information is confidential; and
 - (b) If directed by RQL during the contract term, obtains from such persons a confidentiality undertaking in a form acceptable to RQL
- RQL and Contractor must keep all Confidential information in a secure location so that no unauthorised person is able to gain access to it
- Upon receipt of a written request by RQL, either during the arrangement term or upon termination or expiration the arrangement, the Contractor must deliver to RQL any records in the Contractor's power, possession or control

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The issue of independence should be specifically considered and addressed prior to engaging contractors, suppliers or consultants. At this stage, potential threats to independence should be considered as well as any safeguards that might eliminate or reduce the threats to independence. Independence is essential. A third party to the procurement should be able to rely on the fact that any and all potential conflicts of interest have been identified and recorded.

Potential goods and service providers should be required to divulge all potential threats to independence, including conflicts of interest, at the time of offer or as soon as any conflict becomes apparent during the service engagement. The service provider should be required to provide written assurance that he/she has no conflict of interest in the procurement, is able to remain objective and impartial throughout the engagement, and will provide notification of any conflict of interest, or compromise to independence, that arises during the engagement.

A Conflict of Interests document may contain the following elements;

- Contractor warrants that, to the best of its knowledge, as at commencement date neither contractor or any of its officers, employees or sub-contractors have, or are likely to have, a Conflict of Interest in the performance of its obligations under current or subsequent contracts
- If a conflict of Interest, or risk of such, arises during the term of the contract the contractor must immediately give notice of the Conflict of Interest, or risk of such, to RQL
- The Contractor must:
 - (a) Take all reasonable measures to ensure that its officers, employees and sub-contractors do not engage in any activity or obtain any interest which is in conflict with the Contractor's ability to fulfil its obligations to RQL in good faith and objectively, and
 - (b) Immediately give notice to RQL of any Conflict of interest relating to the activities or interests of any of its officers, employees or sub-contractors

Similarly all employees and agents of Racing Queensland Limited involved in any of the projects undertaken as part of the Infrastructure Plan are governed by the Employee Conflict of Interest policy of the company, and as such must immediately, in the event of a potential Conflict of Interest arising, notify their immediate manager of the issue.

Delegations

All expenditures for goods and services are to be authorised by a duly delegated officer and are to be in line with operational and industry infrastructure budget. These delegations are as follows:

Unlimited

- Board of Directors

In line with Budget

- Chief Executive Officer

Up to \$50,000

- Chief Financial Officer
- Director of Product Development
- Project Director

Capitalisation of expenditure

Expenditure on discreetly identifiable plant and equipment items of **\$2,000** and above will be capitalised where the future benefit of that expenditure exceeds one year at the time of purchase. All land purchases must be capitalised.

The Chief Executive Officer or Chief Financial Officer may approve the capitalisation of services expenditures of \$2,000 and above where those services have a future benefit exceeding one year. All assets

which are under \$2,000 must be expensed in the year of purchase and recorded in the portable and attractive items register. All other service expenditures shall be written off in the financial year the expenditure was incurred.

Compliance with Commonwealth Government GST & Australian Business Number legislation

The Commonwealth Government implementation of GST and Australian Business Number legislation, has given rise to some additional obligations in respect of purchasing. These are as follows:

- Organisations are required to withhold 46.5% of any payment to a supplier of goods or services that does not provide an ABN. In response to this, it is the policy of Racing Queensland Limited that no supplies be purchased from entities that are unable to quote an ABN;
- All suppliers to Racing Queensland Limited are to be advised that they must be able to provide a "Tax Invoice" in the form specified by the GST legislation, to enable Racing Queensland Limited to claim input credits. Under law, the supplier must supply Racing Queensland Limited with a Tax Invoice within 28 days of request. Racing Queensland Limited staff should not enter into contractual arrangements with suppliers unless satisfied that the supplier will be able to provide a suitable Tax Invoice; and
- When obtaining quotes or prices from potential suppliers, purchasing officers must satisfy themselves that the prices quoted are GST inclusive.

The same delegations on the following page (8) apply to the payment of invoices with one exception:

- An invoice can be approved by a person with a lesser delegation provided the original purchase order was approved appropriately and the invoice does not exceed an amount that exceeds 10% of the original purchase order.

It should be noted that as a business rule, staff are not permitted to circumvent their delegation by raising multiple orders to purchase a good or service for an amount that exceeds their delegation limit.

Documentation and the Role of the Finance Department

See Purchasing Policy and Racing Queensland limited Infrastructure Plan Internal Financial Process document

RACING QUEENSLAND LIMITED

Item	Regional Senior Stewards	Admin Authorities, Racecourse Supervisor, racing Manager – Procurement Track Supervisor	Managers, Chief Steward, Racing and Facilities Supervisor, Track Supervisor	Information Technology and Communications Manager, Licensing and Training Manager, Racing Managers – Dividing Races, Management Accountant, Revenue & Services Accountant	Director of Integrity Operations, Facility & Development Manager, Senior Corporate Counsel/Company Secretary	Chief Financial Officer, Director of Product Development, Project Director	Chief Executive Officer	Board of Directors
Overall Delegation	<\$500	<\$1,000	<\$2,000	<\$5,000	<\$20,000	<\$50,000	<\$150,000 &/Or In line with Budget	Unlimited

Contractual Agreements (all contracts to be reviewed by Senior Corporate Counsel/Company Secretary for updating of Contracts register and assess if any legal advice is required)	x	x	x	x	<\$20,000 total value (not lease or license) assuming that authorised to sign in ordinary operations	Yes with CEO assuming CEO previously approved and legally authorised to sign where <\$100,000	Yes any single project where included in approved annual/infrastructure budget	Yes, subject to Board agreement
Execution of Contractual agreements (All contracts to be reviewed by Senior Corporate Counsel/Company Secretary for updating of contracts register and assess if any legal advice is required)	To be executed by 2 Directors of the Company or a Director and a Company Secretary of the Company (S127 (1) – Corporations Act 2001).							

Summary of Key Controls

As a high level summary, the key controls associated with the procurement system are:

- Only deal with suppliers who have a valid ABN.
- Three quotes required for amounts of \$10,000 or more where a preferred supplier is not used.
- Ensure appropriate delegation authorities applied
- Ensure probity and accountability in supplier selection process
- Confirm expenditure falls within approved budgets
- Ensure correct invoice coding to assist with budget review process
- Tax invoices to be obtained at all times.
- Required signatures for goods received.
- To ensure appropriate separation of duties; vendor creation, deletion or addition must be performed by the Accounts Payable Officer and the bank account details are required in accordance to the Sun Security matrix to be entered by an Accounts Receivable Officer who does not have the ability to raise purchase orders or make payments in SUN. The change of details form is located G:\Finance\FORMS\Accounts Payable\Change of Details form.xls.
- Invoices are only paid after the prior approval of a purchase order (excluding credit card statement payments and direct debits) and after goods have been received.

In addition to the above, Racing Queensland Limited should perform a routine supplier analysis to review expenditure to determine that value for money is being achieved, and all probity issues are addressed.

Reference material (available on QLD Govt website)**QLD State Procurement Policy****QLD Purchasing – Ethics, Probity and Accountability in Procurement****QLD Purchasing – Prequalifying Suppliers****QLD Purchasing – Engaging and Managing Consultants****QLD Govt – Capital Works Management Framework – Procurement Strategy and Contract Selection**



ADDENDUM TO PURCHASING POLICY

Owner

Chief Financial Officer

Stakeholders

Corporate Wide

Revision History

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	25 Nov 2011	Draft Addendum to RQL Purchasing Policy
1.02	19 Dec 2011	Board Approved
1.03	19 Mar 2012	Adjustment to CEO Delegation



PURCHASING POLICY: INFRASTRUCTURE PLAN RACING QUEENSLAND LIMITED

Introduction

This addendum has been prepared to expand on the RQL General Purchasing Policy which provides guidelines and procedures to be followed by officers of Racing Queensland Limited when undertaking and managing purchasing activities to meet the organisation's operational requirements and also meet the objectives of the policy.

The Racing Queensland Infrastructure Plan has been designed to improve and further develop racing industry infrastructure by way of a \$110 million redirection of wagering taxes from the QLD government. Projects have been identified and funds allocated to each project.

Given the size and scale of these projects this addendum to the Racing Queensland Purchasing Policy has been developed to ensure the necessary additional steps are taken to ensure all projects funded are completed in an accountable and transparent manner to the highest standards.

The purchasing policy, including this addendum form the basis upon which the Industry Infrastructure Plan Committee is guided in the procurements of goods and services relating to the projects that make up the Industry Infrastructure Plan. (See IIPCG Charter)

Racing Queensland Limited is the Control Body established by, and obtaining its objects and functions from, the *Racing Act 2002* and its Constitution. Racing Queensland Limited is required to conduct its financial activities with probity and accountability, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC.

Key Principles

In conducting all of its purchasing activities, including infrastructure plan projects, it is the policy of Racing Queensland Limited to adhere, at all times, to the key principles of:

1. Value for money;
2. Quality of product, service, and support;
3. Open and fair competition;
4. Probity and Accountability of outcomes;
5. Use of Queensland product where price competitive, and where quality standards are met; and
6. Suppliers are compliant with all taxation requirements.

Policy

There is also a focus on using preferred suppliers as explained in this report in further detail. The procurement system should result in the following benefits:

- Reduce operating costs;
- Reduce risk;
- Increase control; and
- Improve cash flow visibility

Industry Infrastructure Plan

Racing Queensland Limited's Infrastructure Plan procurement policy must adhere to the strictest guidelines of Probity, Accountability and Transparency as the funds for these projects come directly from the QLD Government and as such are expenditure of these funds is expected to stand up to rigorous scrutiny.

Strict adherence to the project funding deeds between the State of Queensland and Racing Queensland Limited must be maintained at all times.

Policy in relation to the approval of supplier payments specifically related to the Industry Infrastructure Plan is as follows;

- Once the Business Case and Project Funding Deeds have been approved and the budget has been approved by the RQL Board
- All invoices must be checked and signed by the Project Director even if outside of delegation limit. The Project Director is to obtain the approval of the CEO if over his delegation limit.
- All delegations are to be in line with the RQL purchasing policy.
- The CEO can sign and approve all items within the project budget and this includes amounts above \$150,000.
- All items outside of the approved budget with a tolerance level of greater than either 1% or \$200K of the project value will require Board approval.

Suppliers

As much as possible, Racing Queensland Limited should consolidate its suppliers and utilise preferred suppliers for either off-the-shelf goods/services where there are several sources of supply and the purchase is low risk or where there is an established relationship with a proven record of success. The advantages of using preferred suppliers are that it streamlines and simplifies purchasing, reduces administrative costs and promotes cost savings through volume discounts and exclusivity arrangements. Other benefits are that it minimises costs and risk for suppliers through not being required to regularly prepare and submit quotations.

1.1. Selection of Preferred Suppliers

The selection of preferred suppliers should be based on selection criteria that could include:

- Technical capability and experience
- Financial capacity and viability
- System and management responsibility incorporating product and service compliance with agreed industry standards
- People
- Business/organisation factors
- Favourable referee reports (a successful track record to deliver)

Racing Queensland Limited's 6 key principles:

1. Value for money;
2. Quality of product, service, and support;
3. Open and fair competition;
4. Probity and Accountability of outcomes;
5. Use of Queensland product where price competitive, and where quality standards are met; and
6. Suppliers are compliant with all taxation requirements.

1.2. Preferred Suppliers Listing

Preferred Supplier listings for Infrastructure Plan projects are to be developed by inviting suppliers with experience and expertise in the key areas that make up the projects identified in the RQL Infrastructure Plan to tender for projects thereby forming supplier panels.

These supplier panels could be further refined by way of prequalifying of suppliers lists.

1.3. Prequalification of Suppliers

Prequalification is where suppliers of particular goods or services are assessed against pre-determined criteria and then only those suppliers who satisfy the prequalification criteria are invited to tender for projects.

Prequalification provides added confidence that suppliers being invited to offer have the capability to supply the goods and services. Prequalification does not eliminate the risk of contract failure, but, if well managed, is a method of reducing the risk and administrative burden created by repeated approaches to the market.

Suppliers that are successful in meeting the prequalification criteria are generally included on a database maintained by the purchaser. Prequalification of suppliers is a strategy best used when the buyer procures a particular type of good/service on a regular basis and the procurement tends to be complex and/or costly and/or there is a high degree of risk involved in the procurement.

Some goods and services required for the development of racing tracks and facilities would fall under this category. As a general guide only they have been categorised into five broad groups:

1. Technical capability and experience
2. Financial capability
3. Systems and managerial capability
4. People
5. Business/organisation factors

Potential suppliers are assessed against specific criteria established by the purchaser and if successful are placed on a prequalification database. When a specific need by the purchaser arises, the prequalified suppliers are invited to offer. The offers are evaluated by the purchaser according to the specific offer evaluation criteria and the successful offeror is awarded the contract. Performance reporting about suppliers is an integral part of any prequalification system and should be incorporated into the system.

1.4. Outsourcing of Supplier Panel Selection

The use of organisations specialising in procurement processes such as preferred supplier lists, prequalifying suppliers and other supplier related contractual arrangements may be an alternative or addition to in-house procurement processes.

Local Buy is one such organisation with experience in procurement processes for local government. Local Buy is the Local Government Association of Queensland (LGAQ) procurement services company. Local Buy develops contractual arrangements for councils and government entities, eliminating the need for government authorities to establish their own supply contracts. <http://www.localbuy.net.au/>

The use of this type of organisation may be beneficial for tendering and contracting arrangements relating to

the infrastructure plan projects, as the suppliers are effectively pre-screened for compliance with government procurement suitability

1.5. Applications for Sole Supplier

In some special circumstances the normal practices as outlined above may need to be set aside. For these instances an exemption from normal policy practice may be applied for.

Reasons for such Exemptions include but are not confined to;

- (a) Accessing existing standing offer and/or preferred supplier arrangements
- (b) Pursuing subsequent stages of multi-staged procurement processes
- (c) A sole supply situation exists whereby a high degree of technical expertise is required
- (d) A genuine urgency exists. If this is the case there must at all times be adequate supporting documentation to prove urgency is genuine and not the result of inadequate planning

Unless the above stated exemption criteria is met, or other compelling reason is able to be supported, the current RQL Purchasing Policy with addendum will apply to the procurement of goods and services.

Consulting Services

Racing Queensland Limited uses consulting services in a number of aspects of its operations including legal, information technology, human resource management, financial management, business development, and marketing.

These consultancies vary from short-term "one-off" contracts, to longer-term arrangements, which may encompass a series of different activities (e.g. marketing and promotional work).

For short-term "one-off" contracts the following policy guidelines are to apply:

- The six key purchasing principles outlined above are to be applied at all times;
- For contracts under \$10,000 in value, preferred supplier arrangements* can be used. That is, where a purchasing officer is satisfied that a consultant that has provided a high quality service in the past, has the necessary expertise to undertake the work, and is available in an appropriate timeframe, that consultant can be appointed without a formal competitive process being undertaken. If such a person is not available, three quotes from prospective consultants should be obtained and evaluated;

(* Please note that where preferred supplier arrangements are referred to later in this document for other categories of purchasing, similar procedures to those above will apply)

- For contracts between \$10,000 and \$100,000, tenders should be called from at least three "preferred" contractors. The selection of these three preferred suppliers, and subsequent evaluation of their proposals, should take into account the six key purchasing principles. The evaluation of the proposals should be undertaken by two accountable officers, and be approved by a delegated officer (Chief Executive Officer or Chief Financial Officer);
- For contracts over \$100,000, will be subject to an open tender process unless the RQL Board waive the requirement of an open tender, including appropriate advertising of the consultancy. Advertising may take the form of website notices and/or Courier Mail advertisement. Tenders are to be evaluated, in accordance with the six key purchasing principles, by a panel of no less than two accountable officers, and be approved by a delegated officer.

For longer-term consultancy arrangements (e.g. the ongoing provision of external services that cannot be delivered in-house), which may involve the use of a preferred supplier or suppliers for a range of individual tasks over an extended period of time, the following guidelines are to be followed:

- Individual consultancy contracts over \$100,000 in value are not to be entered into under these preferred supplier arrangements. Such consultancies, will be subject to Board discretion as to the waiver of an open tender, as described above, must be followed.
- The purchasing officer may select a consultant for a range of tasks from a panel of preferred suppliers for the type of work involved;
- A competitive process, adhering to the six key purchasing principles of Racing Queensland Limited, to appoint the panel of preferred suppliers must have been undertaken, be appropriately documented, and be signed-off by a delegated officer;
- In selecting the preferred supplier from the panel, the purchasing officer must clearly document the reasons for the selection, and be accountable for that selection. The selection must be approved by a delegated officer; and

Intellectual Property Rights

Intellectual property rights relating to plans, designs and concepts for Industry Infrastructure Plan projects are to reside with RQL. For this to be clearly articulated in any contractual arrangements there would need to be included in the document a clause to this effect.

Below is an example of such a clause;

'The physical ownership of, and ownership of intellectual property in, all plans, drawings, specifications, programs, computer data, samples, models, manuals, documents and all other information relating to the project remains vested at all times in the Company. The invited supplier may use and keep copies of such materials only for the purpose of providing services to the Company.'

Confidentiality and Security of information

The integrity of competitive procurement hinges on maintaining appropriate confidentiality that will protect information and give offerors the confidence to do business with Government. Confidentiality has many dimensions and confidentiality of submissions is particularly important prior to the awarding of the contract with information shared only on a 'need to know' basis.

Confidential information may include designated or defined (and as agreed) elements of the supplier's proposal, specific intellectual property and offerors pricing structures. Importantly, much of the information relating to the offer needs to be kept confidential up to the point where a contract is signed with the successful offeror.

A Confidentiality Agreements may include the following elements;

- The Contractor must not, and must ensure that its officers, employees, agents and sub-contractors do not use or disclose any Confidential information without RQL's consent
- The Contractor may disclose Confidential information to its officers, employees, agents and sub-contractors to the extent necessary for the performance of the arrangement, provided that the Contractor:
 - (a) Makes such persons aware that the information is confidential; and
 - (b) If directed by RQL during the contract term, obtains from such persons a confidentiality undertaking in a form acceptable to RQL
- RQL and Contractor must keep all Confidential information in a secure location so that no unauthorised person is able to gain access to it
- Upon receipt of a written request by RQL, either during the arrangement term or upon termination or expiration the arrangement, the Contractor must deliver to RQL any records in the Contractor's power, possession or control

Conflict of Interest

Conflicts of interest represent one of the potential threats to independence. A conflict of interest means having an interest (whether personal, financial or otherwise) which conflicts with, or may reasonably be perceived as conflicting with, the ability of the probity auditor or advisor to perform his/her obligations fairly and objectively. Perceived or potential conflicts of interest can be as damaging as actual conflicts of interest.

Recommended practice

The issue of independence should be specifically considered and addressed prior to engaging contractors, suppliers or consultants. At this stage, potential threats to independence should be considered as well as any safeguards that might eliminate or reduce the threats to independence. Independence is essential. A third party to the procurement should be able to rely on the fact that any and all potential conflicts of interest have been identified and recorded.

Potential goods and service providers should be required to divulge all potential threats to independence, including conflicts of interest, at the time of offer or as soon as any conflict becomes apparent during the service engagement. The service provider should be required to provide written assurance that he/she has no conflict of interest in the procurement, is able to remain objective and impartial throughout the engagement, and will provide notification of any conflict of interest, or compromise to independence, that arises during the engagement.

A Conflict of Interests document may contain the following elements;

- Contractor warrants that, to the best of its knowledge, as at commencement date neither contractor or any of its officers, employees or sub-contractors have, or are likely to have, a Conflict of Interest in the performance of its obligations under current or subsequent contracts
- If a conflict of Interest, or risk of such, arises during the term of the contract the contractor must immediately give notice of the Conflict of Interest, or risk of such, to RQL
- The Contractor must:
 - (a) Take all reasonable measures to ensure that its officers, employees and sub-contractors do not engage in any activity or obtain any interest which is in conflict with the Contractor's ability to fulfil its obligations to RQL in good faith and objectively, and
 - (b) Immediately give notice to RQL of any Conflict of interest relating to the activities or interests of any of its officers, employees or sub-contractors

Similarly all employees and agents of Racing Queensland Limited involved in any of the projects undertaken as part of the Infrastructure Plan are governed by the Employee Conflict of Interest policy of the company, and as such must immediately, in the event of a potential Conflict of Interest arising, notify their immediate manager of the issue.

Delegations

All expenditures for goods and services are to be authorised by a duly delegated officer and are to be in line with operational and industry infrastructure budget. These delegations are as follows:

Unlimited

- Board of Directors

In line with Budget

- Chief Executive Officer

Up to \$50,000

- Chief Financial Officer
- Director of Product Development
- Project Director

Capitalisation of expenditure

Expenditure on discreetly identifiable plant and equipment items of **\$2,000** and above will be capitalised where the future benefit of that expenditure exceeds one year at the time of purchase. All land purchases must be capitalised.

The Chief Executive Officer or Chief Financial Officer may approve the capitalisation of services expenditures of \$2,000 and above where those services have a future benefit exceeding one year. All assets

which are under \$2,000 must be expensed in the year of purchase and recorded in the portable and attractive items register. All other service expenditures shall be written off in the financial year the expenditure was incurred.

Compliance with Commonwealth Government GST & Australian Business Number legislation

The Commonwealth Government implementation of GST and Australian Business Number legislation, has given rise to some additional obligations in respect of purchasing. These are as follows:

- Organisations are required to withhold 46.5% of any payment to a supplier of goods or services that does not provide an ABN. In response to this, it is the policy of Racing Queensland Limited that no supplies be purchased from entities that are unable to quote an ABN;
- All suppliers to Racing Queensland Limited are to be advised that they must be able to provide a "Tax Invoice" in the form specified by the GST legislation, to enable Racing Queensland Limited to claim input credits. Under law, the supplier must supply Racing Queensland Limited with a Tax Invoice within 28 days of request. Racing Queensland Limited staff should not enter into contractual arrangements with suppliers unless satisfied that the supplier will be able to provide a suitable Tax Invoice; and
- When obtaining quotes or prices from potential suppliers, purchasing officers must satisfy themselves that the prices quoted are GST inclusive.

The same delegations on the following page (8) apply to the payment of invoices with one exception:

- An invoice can be approved by a person with a lesser delegation provided the original purchase order was approved appropriately and the invoice does not exceed an amount that exceeds 10% of the original purchase order.

It should be noted that as a business rule, staff are not permitted to circumvent their delegation by raising multiple orders to purchase a good or service for an amount that exceeds their delegation limit.

Documentation and the Role of the Finance Department

See Purchasing Policy and Racing Queensland limited Infrastructure Plan Internal Financial Process document

RACING QUEENSLAND LIMITED

Item	Regional Senior Stewards	Admin Authorities, Racecourse Supervisor, racing Manager – Procurement Track Supervisor	Managers, Chief Steward, Racing and Facilities Supervisor, Track Supervisor	Information Technology and Communications Manager, Licensing and Training Manager, Racing Managers – Dividing Races, Management Accountant, Revenue & Services Accountant	Director of Integrity Operations, Facility & Development Manager, Senior Corporate Counsel/Company Secretary	Chief Financial Officer, Director of Product Development, Project Director	Chief Executive Officer	Board of Directors
Overall Delegation	<\$500	<\$1,000	<\$2,000	<\$5,000	<\$20,000	<\$50,000	<\$150,000 &/Or In line with Budget	Unlimited

Contractual Agreements (all contracts to be reviewed by Senior Corporate Counsel/Company Secretary for updating of Contracts register and assess if any legal advice is required)	x	x	x	x	<\$20,000 total value (not lease or license) assuming that authorised to sign in ordinary operations	Yes with CEO assuming CEO previously approved and legally authorised to sign where <\$100,000	Yes any single project where included in approved annual/infrastructure budget	Yes, subject to Board agreement
Execution of Contractual agreements (All contracts to be reviewed by Senior Corporate Counsel/Company Secretary for updating of contracts register and assess if any legal advice is required)	To be executed by 2 Directors of the Company or a Director and a Company Secretary of the Company (S127 (1) – Corporations Act 2001).							

Summary of Key Controls

As a high level summary, the key controls associated with the procurement system are:

- Only deal with suppliers who have a valid ABN.
- Three quotes required for amounts of \$10,000 or more where a preferred supplier is not used.
- Ensure appropriate delegation authorities applied
- Ensure probity and accountability in supplier selection process
- Confirm expenditure falls within approved budgets
- Ensure correct invoice coding to assist with budget review process
- Tax invoices to be obtained at all times.
- Required signatures for goods received.
- To ensure appropriate separation of duties; vendor creation, deletion or addition must be performed by the Accounts Payable Officer and the bank account details are required in accordance to the Sun Security matrix to be entered by an Accounts Receivable Officer who does not have the ability to raise purchase orders or make payments in SUN. The change of details form is located G:\Finance\FORMS\Accounts Payable\Change of Details form.xls.
- Invoices are only paid after the prior approval of a purchase order (excluding credit card statement payments and direct debits) and after goods have been received.

In addition to the above, Racing Queensland Limited should perform a routine supplier analysis to review expenditure to determine that value for money is being achieved, and all probity issues are addressed.

Reference material (available on QLD Govt website)**QLD State Procurement Policy****QLD Purchasing – Ethics, Probity and Accountability in Procurement****QLD Purchasing – Prequalifying Suppliers****QLD Purchasing – Engaging and Managing Consultants****QLD Govt – Capital Works Management Framework – Procurement Strategy and Contract Selection**



INTERNAL FINANCIAL PROCESS

Owner

Chief Financial Officer

Stakeholders

Corporate Wide

Revision History

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	25 Nov 2011	Draft Addendum to RQL Purchasing Policy
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1.03	19 Mar 2012	Adjustment to CEO Delegation

To Action

1.

**Racing Queensland Limited
Infrastructure Plan
Internal Financial Process**

Background

On 19 July 2011, the Queensland Government approved the amended infrastructure plan and extended the Wagering Tax relief from 4 to 5 years.

Project	Value	Estimated Start Date	Estimated Completion Date
Deagon	\$39.9M	April 2012	April 2013
Gold Coast	\$35.4M	Feb 2012	Jan 2013
Beaudesert	\$7.27M	Nov 2011	April 2013
Cairns	\$1.96M	Nov 2011	April 2013
Townsville	\$6.34M	April 2013	Dec 2013
Mackay	\$7.44M	Sept 2011	June 2013
Rockhampton	\$1.6M	Sept 2011	March 2012
Subtotal Infrastructure	\$99.91M		
Country Racing	\$2.35M	July 2011	Dec 2011
Total	\$102.26M	April 2012	April 2013

Overview

All transactions will be processed through the Racing Queensland Limited (**RQL**) data base in Sun and will be kept separate from the RQL operating account.

All payments are to be paid from the following NAB bank Account:-

Account Name	BSB – Account Number
Infrastructure Plan	084-817 11 632 4760

Budgets

- a) Project Director is to liaise with the Project Management representative to ensure the budget is on track and to ensure an up to date cash flow and reconciliation is in place.
- b) Project Director to liaise with Chief Financial Officer (**CFO**) to ensure that the budgets and cash flows are up to date to ensure sufficient time is allowed to draw down from investments and/or the Queensland Treasury Corporation (**QTC**).

The first meeting with QTC indicated reasonable flexibility with the loan facility in that we could do monthly drawdowns if required. As QTC will be charging an interest cost on drawn down funds there is little advantage in drawing down from the facility early and investing the funds until required.

Once the budget has been approved by the Board and a business case has been completed and approved for each project for each facility by both the Board of RQL and Treasury, tenders will need to be completed and reviewed by the Project Management representative and the Project Director and the Industry Infrastructure Project Control Group (**IIPCG**).

Treasury have indicated that they do not wish to receive business cases without statutory planning approval; otherwise they will be approving funds on a conditional business case.

All items outside of the budget with an aggregate tolerance level of greater than either 1% or \$200K of the project value will require Board approval.

1. Purchase Orders

In the interim, while IPOS (Electronic Procurement System) is not up and running, manual purchase orders will need to be prepared. See Accounts Payable (**AP**) for purchase order books.

Purchase orders must be prepared prior to the goods and/or services being requested and signed by an authorised officer. All purchasing must be in accordance with the RQL Purchasing Policy:-

http://sharepoint/Policies/FIN_pol001_RQL%20PurchasingPolicy.doc

Suppliers:-

Suppliers will only be added after they have gone through the tender process and been signed off by the Project Director, CFO, Senior Corporate Counsel and Chief Executive Officer (**CEO**).

A full risk profile must be undertaken for each supplier reviewing the following:-

The selection of suppliers or preferred suppliers should be based on selection criteria that may include:

- Technical capability and experience
- Financial capacity and viability
- System and management responsibility incorporating product and service compliance with agreed industry standards
- People
- Business/organisation factors, and
- Favourable referee reports (a successful track record to deliver).

A risk profile may include the following in the checklist and be signed off by the Project Director and/or CFO and/or Senior Corporate Counsel as long as there are 2 delegated officers reviewing and would be done in the tender process prior to preparing the contract.

An option for RQL is the use of organisations specialising in procurement processes such as preferred supplier lists, prequalifying suppliers and other supplier related contractual arrangements as an alternative or addition to in-house procurement processes.

Local Buy is one such organisation with experience in procurement processes for local government. Local Buy is the Local Government Association of Queensland (LGAQ) procurement services company. Local

Buy develops contractual arrangements for councils and government entities, eliminating the need for government authorities to establish their own supply contracts. <http://www.localbuy.net.au/>

RQL is currently in discussions with Local Buy relating to supplier panel selection processes and procurement needs of the organisation. The use of this type of organisation may be beneficial for tendering and contracting arrangements relating to the infrastructure plan projects, as the suppliers are effectively pre-screened for compliance with government procurement suitability

Managing Risk with Suppliers:-

When evaluating preferred suppliers, a risk analysis should be performed as part of that process. In line with RQL's risk management framework, the following 4 point scale can be adopted to assess risks associated with suppliers as identified below.

Rating	Description
4	Extreme Risk
3	High Risk
2	Moderate Risk
1	Low Risk

Criteria	Sub-Criteria
1. History and Development of the Supplier's Business	<ul style="list-style-type: none"> • Longevity/stability of the business • Principal activities and past successes • Market experience
2. Critical Performance Elements of the Contract	<ul style="list-style-type: none"> • Availability of critical elements • Reliance on another party (sub-contracting) • Dispute management processes • Confidentiality management
3. Insurance	<ul style="list-style-type: none"> • Workers Compensation • Public Indemnity Insurance • Professional Indemnity
4. Quality Assurance	<ul style="list-style-type: none"> • AS/NZS ISO 9001/2000 Quality Assurance accreditation
5. Management and Employees	<ul style="list-style-type: none"> • Experience of management team
6. Legal Background and Capital Structure	<ul style="list-style-type: none"> • Ownership • Control of the business • Loan arrangements • Legal agreements
7. Financial Viability	<ul style="list-style-type: none"> • Financial strength and viability • Gearing level and credit rating • Contingency funding and current level of operations

	<ul style="list-style-type: none"> • Reasonableness of information • Compliance with the Australian Corporations Law (if relevant)
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An overall risk score should be derived for the supplier. This may be an average of the scores for each risk area or may be more complex by weighting certain areas of risk and then calculating a range of scores to ascertain the overall risk.

Treatment strategies should be developed to mitigate the risks. A potential supplier assessed as either extreme or high risk, in terms of their ability to deliver the services proposed, may still be acceptable, provided that the risk is capable of being effectively managed by RQL or treated by the supplier. A risk, for example, may be treated by requiring a bank guarantee a % of the contract value to protect RQL's interests. Risk should also be monitored on an ongoing basis to ensure that any events or circumstances have been identified that necessitates a review of the level of risk assigned.

The above table may incorporate a 2 tiered approach whereby low risk contractual arrangements perhaps only incorporate an assessment of risk criteria 1 to 3 above but more complex or higher risk procurement incorporates an assessment for all criteria i.e. from 1 to 7.

Where deemed necessary an independent third party such as services of a Quantity Surveyor may be utilised to ensure exposure to risk is minimised.

2. Delegations

All invoices must be checked and signed by the Project Director even if outside of delegation limit. The Project Director is to obtain the approval of the CEO or Board if over his delegation limit.

All delegations are to be in line with the RQL purchasing policy.

Officer	Delegation Limit
Board	Initial Budget or project variations outside of tolerance level
CEO	All invoices over \$50K
Project Director	\$50K
CFO	\$50K
Director of Product Development	\$50K
Racecourse Development Manager	\$20K

Any line item where the % increase to that line item is above the % project contingency requires approval in accord with the approved expenditure limits. Should a substantial line item be considerably over budget, whether in excess of the contingency % or not, it is the project managers responsibility to bring this to the attention of the IIPCG. Approval of all expenditure

must be in accord with agreed policies and procedures and it is the responsibility of the project manager to ensure this is the case and to report on and manage expenditure in accord with approved budgets.

Project	Value	0% Tolerance Level
Deagon	\$39.9M	<0% Board Approval
Gold Coast	\$35.4M	<0% Board Approval
Beaudesert	\$7.27M	<0% Board Approval
Cairns	\$1.96M	<0% Board Approval
Townsville	\$6.34M	<0% Board Approval
Mackay	\$7.44M	<0% Board Approval
Rockhampton	\$1.6M	<0% Board Approval

3. Accounts Payable (AP)

The RQL AP Officer is the contact for the accounts payable function of the infrastructure plan. However, it is important to copy the RQL Project Accountant into all correspondence.

The procedure for processing invoices/payments is as follows:

- Check with AP if the supplier has been set up in the system.
- Sufficient time (2 days) must be given to AP for this to be done.
- If new, send the supplier the "New Supplier Application" form which is to be forward to the accounts payable officer once completed.
- All invoices to be pre coded, signed and approved by an authorised RQL representative per the approved delegation and sent through to the accounts payable officer.

RQL conducts payment runs every Friday. To ensure the payment is processed on time, the supplier's details and the authorised invoice need to be received at RQL by the preceding Wednesday. If these details are not received by close of business Wednesday, they will not be processed and paid that week and will paid in the following week's payment run.

It is the responsibility of the Project Director to ensure these conditions are met to ensure prompt payment, particularly in the case of 7 day accounts. All other invoices will be paid according to the payment terms. It is the responsibility of the Project Director to liaise with the suppliers to ensure appropriate payment terms are in place based on the above process. Where possible, RQL will insist on 30 day invoices and will endeavour to avoid any invoices being prepared under the *Building and Construction Industry Payments Act 2004*.

Coding:-

All invoices need to be authorised and checked against budget by the Project Director prior to be being received by AP and coded as follows:-

Project	Account Code	T1 Cost Code Facility	T2 – Project Broken down further See below **	T3 – Function Code	T5 – Area Code	T7 – Racing Division Code
Deagon	12393	20	IIPLN	AD	02	11 (Harness & Greyhounds 50:50)
Gold Coast Turf Club	11341	31	IIPLN	AD	02	02 - THB
Beaudesert Race Club	11331	22	IIPLN	AD	02	02 - THB
Cairns Jockey Club – Canon Park	11332	10 THB 54 GH	IIPLN	AD	10	02 - Thoroughbreds 04 - Greyhounds
Townsville Turf Club – Cluden Park	11339	37	IIPLN	AD	08	02 - THB
Mackay Turf Club – Ooralea Park	11333	33	IIPLN	AD	08	02 - THB
Rockhampton Greyhound Club – Callaghan Park – Greyhounds Only	11334	57 GH	IIPLN	AD	03	04 - Greyhounds
Country Racing	11349					Paul Brennan
Albion Park	12394	23	IIPLN	AD	02	11 (Harness & Greyhounds 50:50)

IIPLN – Industry Infrastructure Plan

AD – Asset Development

** The project codes are broken down further per area to easily identify the asset and are as per the following link and attachment “A”

IIPN New Codes.xlsx

4. Cheque/Electronic Funds Transfer (EFT) Signatories

Payments will not be processed without the prior approval of the Project Director and The Project Management representative. Once approval is received, two of the following five designations are required to authorise each payment on behalf of the infrastructure plan via EFT:

- CFO
- Management Accountant
- Business Services Manager
- Business Analyst
- Senior Corporate Counsel/Company Secretary

Petty Cash:-

The procedure for processing petty cash is as follows:

- Send through to AP Officer the petty cash reimbursement form along with necessary receipts.
- RQL processes the cheque to be signed by CFO or equivalent.

Sufficient time is required to return the petty cash cheque. Please reimburse the petty cash fund regularly to prevent any shortage.

It is recommended that urgent correspondence be sent through an external mailing system or scanned and emailed with the originals sent in the post.

The Accounts Receivable (**AR**) and AP function are vital to the successful management of the Infrastructure Plan. It is extremely important that the Project Director of the Infrastructure Plan continually liaises with the AR and AP departments as well as RQL staff liaise and provide feedback to the Project Director.

5. Credit Card Process

The credit card is designated for use by the authorised card holder when:

- a creditor account has not been set up
- or is a one off payment to a creditor not normally used
- or based on necessity e.g. travel.

Process:-

- Credit Card Statement received by authorised card holder.
- Attach invoices/receipts for corresponding debit amounts on the statement and send through to the accounts payable officer within 3 days of receipt of credit card statement.
- Statement is coded and allocated to the relevant ledger accounts.
- Payment is made by direct debit monthly.

6. Accounts Receivable

Where required, the RQL AR Officer is the contact for the AR function if an invoice is required to be raised for the Infrastructure Plan. However, it is important to copy in the RQL Business Services Manager into all correspondence.

The procedure for raising an invoice is as follows:

- An authorised Infrastructure Plan representative is to fill out an invoice request form and send through to the AR Officer.
- The request form must include the following information to facilitate accounts receivable following up any issues
 - Name
 - Address
 - Phone Number
 - E-mail (optional but preferred)
 - Payment Terms
 - Supporting Documentation (e.g. sponsorship agreements)
 - Signed by an authorised Infrastructure Plan representative

Once the invoice request form is completed in its entirety, the invoice will be created and within 3 working days of receipt.

A final authorisation is required from the RQL Business Services Manager prior to processing.

Once authorised the invoice will be processed and issued by the following working day.

Statements will be issued the first working day of the month.

For any adjustments that may be required (e.g. refund, credits), an adjustment form is required to be completed by an authorised Infrastructure Plan representative and sent through to the accounts receivable officer.

A final authorisation is required from the RQL Business Services Manager prior to processing.

7. Payroll

For all additional employees from 1 July 2010 payroll is paid monthly on the 14th of each month, approximately 2 weeks in arrears and 2 weeks in advance with the exception of:

- Casual employees
- Facility maintenance staff dependant on their circumstances and in consultation with the executive manager.
- Employees on fortnightly arrangements prior to 1 July 2010

For these employees payroll is run on a fortnightly basis paid on a Wednesday in arrears. The payroll period is Monday to the following Sunday.

Process:-

- Timesheets are due by close of business Monday for the previous fortnight sent through to the payroll officer.
- Project Director Authorisation is required to be sent through to the payroll officer by midday Tuesday of the pay run week.
- All leave and payroll requests are due to payroll 3 days prior to processing.
- All leave and payslips are available through the employee services portal on the intranet through ConnX.

- Payroll is processed and then checked and payment authorised by two authorising RQL delegates (see no.1).
- Salaries are due in the employees' bank account fortnightly on a Wednesday.
- Monthly salaries are due on the 14th of each month.

From 1 July 2011 there will be the following RQL employees dedicated to the infrastructure plan

POSITION	NAME	EMAIL	DIRECT PHONE
Project Director	Mark Snowdon	msnowdon@racingqueensland.com.au	07 3869 9402
Executive Assistant Assets & Infrastructure	Deanna Dart	ddart@racingqueensland.com.au	07 3869 9405
Accounts Payable	TBA	ap	TBA

All other RQL employees who are involved with providing advice and working on the infrastructure plan and/or processing of payments will need to complete an Infrastructure time sheet which will need to be authorised by the project director. A monthly Journal will need to be recoded from the RQL salaries operating account to the infrastructure plan per a project seeking reimbursement of this expenditure from 1 July 2011.

It is anticipated that a total fee required from the IIPLN be formulated for the use of RQL employees. This total figure will then be allocated over the projects relevant to the work and time required. Time sheets will then be written up to reflect the fees charged.

Infrastructure Plan Timesheet (click on link to timesheet)

If the IIPLN does not have a specific account amounts are allocated to and will then be reallocated to the specific project.

Account Name	Account Code	T1	T2	T3	T5	T7
Infrastructure Plan	11349	01	IIPLN	AD	02	01,02,03,04

8. Expense reimbursement

All expenses are to be reimbursed in line with the expense reimbursements policy and in line with the appropriate delegation.

http://sharepoint/Policies/FIN_pol003_Expense%20Reimbursement%20Policy.doc

9. Investments/Term Deposits

Term Deposit and investment advice is provided by the CFO and/or Management Accountant through a number of institutions currently, NAB, QTC, Westpac, CBA or ANZ and is invested by the Senior Finance Officer – Treasury

10. Cash flow and Budgets

The Project Director is to liaise with The Project Management representative to ensure the budget is on track and to ensure an up to date cash flow is in place. The Project Director to liaise with CFO to ensure that the budgets and cash flows are up to date to ensure sufficient time is allowed to draw down from investments and/or Treasury to ensure payments can be made within the agreed credit terms. Once done, authorised payments are to be made. The Finance Department to assist the Project Director and produce budget to actual reports for RQL Board and Government.

Senior Finance Officer and Accountant to review daily cash requirements for AP and other requirements

11. Monthly Financial Statements – Project Reconciliations

RQL will provide monthly financial statements – Project Reconciliations by working day 10 of the following month. These statements are prepared by the Project Accountant and will be reviewed by the CFO or Management Accountant prior to release. These reconciliations must be agreed by the Project Director prior to being released to the IIPCG or the Board.

12. Urgent transactional delivery

The Management Accountant is the first point of contact to assist in the delivery of any urgent transactions or financial enquiries.

If the Management Accountant is unavailable, please contact the CFO or any contact on your contacts list below so that they can source the appropriate authority and escalate the delivery as required.

13. Club Restructures and financial modelling

RQL will pursue partnership arrangements with clubs and the Business Analyst will assist with all financial modelling and support.

14. RQL employees with responsibilities on behalf of the Infrastructure Plan

As mentioned above, RQL provides the following employee resources to assist with the Infrastructure Plan accounts:

- Compliance/Project Accountant
- Accountant
- AP Officer
- AR Officer, and
- Payroll.

The CFO and Management Accountant provide direction to the above employees as well as assisting the Infrastructure Plan directly on any higher level financial analysis or needs.

The senior accountants (Business Services Manager and Project Accountant) are also utilised to ensure correct processing, coding and authorising of all transactions has been adhered to as per RQL credit and purchasing policies.

All the above mentioned resources are full time permanent RQL employees who assist in the Infrastructure Plan accounts on the basis of hours needed to fulfil the deadlines, processing, reporting requirements and any other financial advice as deemed appropriate and relevant. RQL also provides back up assistance from within the Finance Department to alleviate any concerns relating to leave or turnover of staff.

Following are the current RQL contacts assisting with financial functions as at today's date:

POSITION	NAME	EMAIL	DIRECT PHONE
CFO	Adam Carter	acarter@racingqueensland.com.au	07 3869 9702
Management Accountant	Sharon Drew	sdrew@racingqueensland.com.au	07 3869 9704
Business Analyst	Ron Mathofer	rmathofer@racingqueensland.com.au	07 3869 9716
Financial/Compliance/Project Accountant	Jeffrey Zeppa	jzeppa@racingqueensland.com.au	07 3869 9713
Business Services Manager	Ali Wade	awade@racingqueensland.com.au	07 3869 9701
Senior Finance Officer	Kees Van der Waal	kvanderwaal@racingqueensland.com.au	07 3869 9706
Accountant	Craig Roberts	croberts@racingqueensland.com.au	07 3869 9718
Accounts Receivable	Janet Roth	jroth@racingqueensland.com.au	07 3869 9711
Accounts Payable	Karin Schreiber Rosie Carrano	ap@racingqueensland.com.au kschreiber@racingqueensland.com.au rcarrano@racingqueensland.com.au	07 3869 9714 07 3869 9703
Payroll	Leanne Lorena	llorena@racingqueensland.com.au payroll@racingqueensland.com.au	07 3869 9708

RQL will endeavour to update your contact list as soon as any changes occur.

If you have any further queries please do not hesitate to contact me by email acarter@racingqueensland.com.au or by mobile 0400 761 700.



ADAM CARTER
Chief Financial Officer

AUDIT AND RISK COMMITTEE CHARTER

1. OBJECTIVES

The Audit and Risk Committee is a committee established by the Board of Queensland Racing to assist the Board in fulfilling their oversight responsibilities by reviewing and reporting to the Board on the following matters:

- Financial integrity and reporting;
- Legal compliance;
- Business risks;
- Audit effectiveness; and
- The organisations process for monitoring compliance with laws and regulations and its code of business conduct.

2. POWER TO ACCESS INFORMATION

The Audit and Risk Committee shall have the power to conduct or authorise investigations into any matter within its objectives or as requested by the Board. The Committee shall be entitled to have access to all information held by the organisation. It is also authorised to discuss with any employee any matter that is the subject of an investigation.

The Committee shall be empowered to retain independent counsel, accountants or other professionals to assist it in its investigations.

3. DUTIES AND RESPONSIBILITIES

To achieve its responsibilities the Committee will:

- Review the internal controls, policies, procedures and compliance systems established by management;
- Review the financial information provided periodically and annually to stakeholders;
- Review the effectiveness of, and reports arising from, internal and external auditors and others as it sees fit;
- Report to the Board on its work, express an opinion on the performance in the areas covered by this Charter and make recommendations to the Board as appropriate; and
- Liaise as necessary with the other sub-committees of the Board.

AUDIT AND RISK COMMITTEE CHARTER

3.1 FINANCIAL INTEGRITY

The Committee shall:

- (a) Assess the adequacy of the organisations internal control systems for key financial processes (including computer-based systems) and ensure that all employees have an understanding of their roles and responsibilities;
- (b) Review any audit reports to the Committee for significant matters arising from audits and management action taken or planned in response to such matters;
- (c) Review external audit reports on internal control and accounting matters and management action taken or planned in response to such matters.
- (d) Consider the annual statutory financial statements and confirm with the Finance Manager and the external auditor the organisations compliance with relevant accounting standards and regulations and the appropriateness of any financial policies adopted. The Committee will either resolve or refer to the Board, any differences of opinion between management and the external auditor and any other issues it considers necessary to resolve or so refer. In considering the statutory financial statements, the Committee may examine:
 - Financial matters such as significant accounting estimates, provisions, valuations, contingent liabilities and taxation issues;
 - Changes to significant accounting policies, reasons therefore, and the external auditors views thereon; and
 - Current developments likely to affect the financial statements in terms of legislation, pronouncements and taxation, in the current and future years.
- (e) Review reports on any major defalcations, fraud, theft or other losses and assess the adequacy of existing controls and the appropriateness of actions taken or planned by management in response to such matters.

3.2 COMPLIANCE AND RISK MANAGEMENT

- (a) The Committee shall review the effectiveness of the system for monitoring compliance with laws and regulations with particular emphasis on key risk areas including, but not limited to, the Racing Act 2002, Workplace Health and Safety, Employment and Equal Opportunity, Trade Practices, the Corporations' Law and Consumer Protection legislation. Indeed, all potential risks facing Queensland Racing and the industry could be considered by the Committee.
- (b) The Committee shall assess whether the organisations compliance program and initiatives are fulfilling their purpose or require any modification, and prescribe remedial action where necessary.
- (c) Review the findings of any examinations by regulatory agencies.

AUDIT AND RISK COMMITTEE CHARTER

- (d) The Committee shall review with auditors any significant business and audit risks identified and the steps taken by management to control such risks.
- (e) The Committee shall review with the Finance Manager any significant financial risks and the adequacy and appropriateness of the organisations insurance coverage.
- (f) The Committee shall review the effectiveness of any systems for monitoring compliance with internal policies and procedures as required from time to time or as requested by the Board or other Committees.

3.3 AUDIT EFFECTIVENESS

The Committee shall:

- (a) Review external audit reports;
- (b) Communicate the Committee's expectations to both the Internal and the External Auditor;
- (c) Review Audit Plans;
- (d) Discuss with the External Auditor the overall audit approach, their approach to risk evaluation and their planned coordination with Queensland Racing officers;
- (e) Ensure that management responds to recommendations by the internal and external auditors.

4. MEMBERSHIP AND MEETINGS

4.1 APPOINTMENT

The appointment of the Audit Committee Chair will be a decision of the Board of Directors.

The Audit Committee will comprise at least two members of the Board.

A quorum will be a minimum of any two members.

4.2 SECRETARIAL

The Committee will be assigned a secretary who shall be responsible, in conjunction with the Chair, for drawing up and circulating the agenda supported by explanatory documents to Committee members prior to each meeting.

The Secretary will also be responsible for recording and keeping the minutes of the meeting and circulating them to Committee members and the auditors as appropriate.

AUDIT AND RISK COMMITTEE CHARTER

4.3 MEETINGS

Meetings shall be held not less than three (3) times a year. Special meetings may be convened as required. Internal audit or external auditors may convene a meeting if they consider that it is necessary.

The proceedings of all meetings will be minuted.

4.4 ATTENDANCE

The Chief Operations Manager, Finance Manager and Corporate Counsel shall have standing invitations to attend all Committee meetings. Other executives or officers may be requested to attend Committee meetings to discuss or report on particular agenda items.

The Committee may determine from time to time, that it is appropriate to conduct meetings privately with senior management. The reasons for such meetings will be forwarded to the relevant executives with the invitation to attend the meeting.

A representative of the External Auditor shall have a standing invitation to attend meetings to discuss agenda items relating to audit issues, financial reporting and for general liaison purposes.

5. REPORTING

The Audit Committee shall:

- Regularly update the Board about Committee activities and make appropriate recommendations to the Board;
- Submit the minutes of all Committee meetings to the Board;
- Ensure the Board is aware of matters which may significantly impact the financial condition or affairs of the business;
- Submit a summary of activities for inclusion in the Annual Report of Queensland Racing if required.

6. OTHER RESPONSIBILITIES

The Committee shall perform other functions as requested by the Board.

AUDIT AND RISK COMMITTEE CHARTER

SUGGESTED STANDING AGENDA FOR MEETINGS

MEETING MONTH	AGENDA ITEMS
March Quarter	<ul style="list-style-type: none"> - Reports from: <ul style="list-style-type: none"> ▪ Finance Manager ▪ Corporate Counsel - External Auditors audit approach/plan for the current financial year. - Status of debts owed to, and by, the group.
June Quarter	<ul style="list-style-type: none"> - Reports from: <ul style="list-style-type: none"> ▪ Finance Manager ▪ Corporate Counsel - Annual Report from Chief Operations Manager on Business Risk Management - Annual review of Audit and Risk Committee Charter - Status of external audit and year-end accounting issues. - Status of debts owed to, and by, the group.
September Quarter	<ul style="list-style-type: none"> - Reports from: <ul style="list-style-type: none"> ▪ Finance Manager ▪ Corporate Counsel - Identified 30 June year-end accounting and audit issues for consideration/ resolution. - Draft statutory financial statements and Annual Report and issues requiring resolution. - Status debts owed by, and by, the group.
December Quarter	<ul style="list-style-type: none"> - Reports from: <ul style="list-style-type: none"> ▪ Finance Manager ▪ Corporate Counsel - Statutory financial statements and Annual Report and issues requiring resolution. - External Auditor audit clearance and management letter points. - Status of debts owed to, and by, the group.

AUDIT, FINANCE AND RISK COMMITTEE CHARTER

1. OBJECTIVES

The Audit, Finance and Risk Committee (AFRC) is a committee established by the Board of Racing Queensland Limited (RQL) to assist the Board in fulfilling its oversight responsibilities by reviewing and reporting to the Board on the following matters:

- Financial integrity and reporting.
- Legal compliance.
- Business risks.
- Audit effectiveness.
- The organisations process for monitoring compliance with laws and regulations and its code of business conduct.
- Timely input in setting planning direction – major service categories and capital programmes.
- Input to the direction of Financial Strategy and Policy.
- Assurance of robust methodologies.
- Assurance of robust financial management to accepted business “best practice”.
- Investment oversight.

2. POWER TO ACCESS INFORMATION

The AFRC shall have the power to conduct or authorise investigations into any matter within its objectives or as requested by the Board. The AFRC shall be entitled to have access to all information held by the organisation. It is also authorised to discuss with any employee any matter that is the subject of an investigation.

3. DUTIES AND RESPONSIBILITIES

To achieve its responsibilities the AFRC will:

- review the internal controls, policies, procedures and compliance systems established by management;
- review the financial information ~~provided periodically and annually~~ to stakeholders;
- review the effectiveness of, and reports arising from, internal and external auditors and others as it sees fit;
- report to the Board on its work, express an opinion on the performance in the areas covered by this Charter and make recommendations to the Board as appropriate; and
- liaise as necessary with the other sub-committees of the Board.

3.1 FINANCIAL INTEGRITY

The AFRC shall:

- (a) Assess the adequacy of the organisations internal control systems for key financial processes (including computer-based systems) and ensure that all employees have an understanding of their roles and responsibilities.

AUDIT, FINANCE AND RISK COMMITTEE CHARTER

- (b) Review any audit reports to the AFRC for significant matters arising from audits and management action taken or planned in response to such matters.
- (c) Review external audit reports on internal control and accounting matters and management action taken or planned in response to such matters.
- (d) Annual budget is brought before the AFRC for review which is then passed on to the Board (this would also include CAPEX levels) for decision;
- (e) Consider the annual statutory financial statements and confirm with the Chief Financial Officer and the external auditor the organisation's compliance with relevant accounting standards and regulations, and the appropriateness of any financial policies adopted. The AFRC will either resolve or refer to the Chairman any differences of opinion between management and the external auditor, and any other issues it considers necessary to resolve or so refer. In considering the statutory financial statements, the AFRC may examine:
 - financial matters such as significant accounting estimates, provisions, valuations, contingent liabilities and taxation issues;
 - changes to significant accounting policies, reasons therefore, and the external auditors views thereon; and
 - current developments likely to affect the financial statements in terms of legislation, pronouncements and taxation, in the current and future years.
- (f) Review reports on any major defalcations, fraud, theft or other losses and assess the adequacy of existing controls and the appropriateness of actions taken or planned by management in response to such matters.
- (g) Consider and make recommendations to the Board concerning the formulation and monitoring of the Company's capital management strategy.
- (h) Considering the Company's funding requirements and making recommendations to the Board concerning specific funding proposals.
- (i) Debt to equity ratios and interest ratios to be maintained at prudent levels.
- (j) Report to the Board on the following:
 - Return of funds to the industry;
 - Net benefit/economic impact of the industry to the State

3.2 COMPLIANCE AND RISK MANAGEMENT

- (a) The AFRC shall review the effectiveness of the system for monitoring compliance with laws and regulations with particular emphasis on key risk areas including, but not limited to, the *Racing Act 2002 i.e. Section 34*, Workplace Health and Safety, Employment and Equal Opportunity, Trade Practices, the Corporations' Law and Consumer Protection legislation. Indeed, all potential risks facing RQL and the industry could be considered by the AFRC.

AUDIT, FINANCE AND RISK COMMITTEE CHARTER

- (b) The AFRC shall assess whether the organisation's compliance program and initiatives are fulfilling their purpose or require any modification, and prescribe remedial action where necessary.
- (c) Review the findings of any examinations by regulatory agencies.
- (d) The AFRC shall review with auditors any significant business and audit risks identified and the steps taken by management to control such risks.
- (e) The AFRC shall review with the Chief Financial Officer any significant financial risks and the adequacy and appropriateness of the organisations insurance coverage.
- (f) The AFRC shall review the effectiveness of any systems for monitoring compliance with internal policies and procedures as required from time to time or as requested by the Board or other committees.
- (g) Focus needs to also include reporting on potential risks and threats to the organisation from an economic, political and regulatory, and IT perspective.
- (h) Need to ensure that the organisation has focused on protection, growth & development of income streams so it is able to achieve its goals.

3.3 AUDIT EFFECTIVENESS

The AFRC shall:

- (a) Review external audit reports.
- (b) Communicate the AFRC's expectations to both the internal and the external auditor.
- (c) Review Audit Plans.
- (d) Discuss with the external auditor the overall audit approach, their approach to risk evaluation and their planned coordination with RQL officers.
- (e) Ensure that management responds to recommendations by the internal and external auditors.

4. MEMBERSHIP AND MEETINGS

4.1 APPOINTMENT

The appointment of the Audit Committee Chair will be a decision of the Board of Directors.

The Audit Committee will comprise at least two members of the Board.

A quorum will be a minimum of any two members.

The initial RQL AFRC is:

AUDIT, FINANCE AND RISK COMMITTEE CHARTER

- Brad Ryan (Chair);
- Tony Hanmer;
- Wayne Milner; and
- Bob Lette.

4.2 SECRETARIAL

The AFRC will be assigned a secretary who shall be responsible, in conjunction with the Chair, for drawing up and circulating the agenda supported by explanatory documents to committee members prior to each meeting.

The Secretary will also be responsible for recording and keeping the minutes of the meeting and circulating them to members and the auditors as appropriate.

4.3 MEETINGS

Meetings shall be held not less than three (3) times a year. Special meetings may be convened as required. Internal audit or external auditors may convene a meeting if they consider that it is necessary.

The proceedings of all meetings will be minuted.

4.4 ATTENDANCE

The Chief Executive Officer, Chief Financial Officer and Senior Corporate Counsel shall have standing invitations to attend all AFRC meetings. Other executives or officers may be requested to attend AFRC meetings to discuss or report on particular agenda items.

The AFRC may determine from time to time, that it is appropriate to conduct meetings privately with senior management. The reasons for such meetings will be forwarded to the relevant executives with the invitation to attend the meeting.

A representative of the external auditor shall have a standing invitation to attend meetings to discuss agenda items relating to audit issues, financial reporting and for general liaison purposes.

5. REPORTING

The AFRC shall:

- (a) regularly update the Board about AFRC activities and make appropriate recommendations to the Board.
- (b) Submit the minutes of all AFRC meetings to the Board.
- (c) Ensure the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- (d) Submit a summary of activities for inclusion in the Annual Report of RQL if required.

AUDIT, FINANCE AND RISK COMMITTEE CHARTER

6. OTHER RESPONSIBILITIES

The AFRC shall perform other functions as requested by the Board.

SUGGESTED STANDING AGENDA FOR MEETINGS

MEETING MONTH	AGENDA ITEMS
March Quarter	<ul style="list-style-type: none"> - Reports from: <ul style="list-style-type: none"> ▪ Chief Financial Officer ▪ Senior Corporate Counsel - External auditors audit approach/plan for the current financial year. - Status of debts owed to, and by, the group.
June Quarter	<ul style="list-style-type: none"> - Reports from: <ul style="list-style-type: none"> ▪ Chief Financial Officer ▪ Senior Corporate Counsel - Annual Report from Chief Executive Officer on Business Risk and its Management - Annual review of Audit, Finance and Risk Committee Charter - Status of external audit and year-end accounting issues. - Status of debts owed to, and by, the group. - <u>Draft Budget for the upcoming financial year</u>
September Quarter	<ul style="list-style-type: none"> - Reports from: <ul style="list-style-type: none"> ▪ Chief Financial Officer ▪ Senior Corporate Counsel - Identified 30 June year-end accounting and audit issues for consideration/ resolution. - Draft statutory financial statements and Annual Report and issues requiring resolution. - Status debts owed by, and by, the group.
December Quarter	<ul style="list-style-type: none"> - Reports from: <ul style="list-style-type: none"> ▪ Chief Financial Officer ▪ Senior Corporate Counsel - Statutory financial statements and Annual Report and issues requiring resolution. - External auditor audit clearance and management letter points. - Status of debts owed to, and by, the group.

Racing Queensland Limited

POLICY FOR RACING QUEENSLAND LIMITED'S COMMERCIAL DECISION-MAKING

DATE THE POLICY WAS MADE

This policy was made on 1 July 2010.

COMMENCEMENT DATE

This policy comes into effect on 1 July 2010.

PURPOSE

The *Racing Act 2002* (Act) authorises Racing Queensland Limited (Racing Queensland) to make policies for the sound management of the industry. Section 80(1) (b) of the Act empowers Racing Queensland to make a policy it believes is good management.

This policy deals with Racing Queensland's commercial decision-making processes.

What is commercial decision-making?

In a commercial context, decision-making involves seeking to optimise the outcomes for the Queensland racing industry and its stakeholders. The outcomes include financial return, employment, quality of product and program, quality of infrastructure and the regional viability of the industry. These outcomes are achieved by allocating resources to their best possible uses in order to achieve the commercial objectives of the industry.

Racing Queensland acts on behalf of the Queensland racing industry (incorporating thoroughbred, harness and greyhound racing) as the control body and as the party representing the industry in respect of the Product and Program Agreement with UNiTAB. The key financial resources that Racing Queensland allocates are the payments from the Product and Program Agreement that are linked to the level of wagering revenue derived by UNiTAB from Queensland, interstate and international racing. It is important to note that it is the overall quality of both the Queensland and National racing program which determines the level of revenue obtained under the agreement. Hence, it is important to not only improve the quality of Racing Queensland in both absolute and relative terms but also the National racing program.

Racing Queensland has three key commercial objectives:

- To develop an efficient and effective Queensland racing industry that is sustainable over the long term
- To produce the highest possible quality product and program both for Racing Queensland and nationally
- To optimise over time the level of financial return obtained for the industry and its key stakeholders.

Commercial decision-making involves ensuring that all commercial decisions are directed at furthering these commercial objectives. There can be trade offs that need to be taken into account in decision-making. There can be trade offs between the three objectives and between short-term and longer-term considerations. For example, there is the conflict between distributing all available revenue as prize money to maximum returns and incentives to improve the racing program now and the longer-term need to maintain and

develop the key racing infrastructure.

It may be argued that there is another conflict that between commercial and integrity functions. However, this is not the case as the commercial objectives are vitally dependent on achieving and maintaining the highest standards of integrity. Any compromise in this area has the potential to cause the most immediate and lasting damage to the commercial position of the Queensland racing industry. The truth of this is well illustrated by commercial organisations that have compromised on integrity, resulting in the complete destruction of the company.

Principles of good commercial decision-making

The following describes the principles of good commercial decision-making:

- A clear set of commercial objectives are articulated
- All available options are identified and evaluated against the commercial objectives
- Each option is assessed in terms of its impact on the Queensland racing industry and its stakeholders
- The option is selected which achieves the maximum net benefit to the Queensland racing industry and its stakeholders
- The decision is lawful and is not induced or affected by self interest or fraud
- The evidence and information on which the decision is based supports the decision
- The making of the decision is a proper exercise of the power conferred
- There is full documentation of the decision and the decision-making process.

Responsibilities of decision makers

The responsibilities of decision makers have been described¹ as follows:

- The decision maker understands her or his decision-making power
- The decision maker identifies the steps required in the decision-making process and ensures these have been undertaken
- The decision maker gathers information or evidence relevant to each substantive issue
- The decision maker makes findings of fact on the information or evidence, including ascertaining the status and quality of the information or evidence
- The decision maker gives weight to relevant evidence, considers the facts and disregards irrelevant or improper criteria or policies
- The decision maker considers and applies the merits on a case-by-case basis
- The decision maker exercises discretion to make a decision
- The decision maker records the decision
- The decision maker implements or advises of the decision, including reasons for the decision if required at the time the decision is made or in response to a request for reasons, and
- The decision maker provides information about review mechanisms.

Racing Queensland commercial decision-making

Racing Queensland makes important commercial decisions on things such as race day allocation, provision of funding, education and training, and negotiations with UNiTAB, broadcasting corporations and interstate and international racing bodies. These commercial decisions can have a dramatic effect on the Queensland racing industry's profitability.

¹ Better Decisions Project, Enhancing Administrative Decision Making, Discussion Paper Number 1 [Contemporary Influences in the Development of Administrative Decision Making Systems](#), Department of Tourism, Racing and Fair Trading, July 2003

Some of the decisions Racing Queensland makes are commercially sensitive. Some of Racing Queensland's commercial decision-making, especially the board's decision-making, is confidential and this confidentiality must be recognised and protected. It will not always be possible, appropriate or desirable for Racing Queensland's commercial decision-making to be open to public scrutiny. However, Racing Queensland's commercial decision-making will, at all times, comply with the principles of good decision-making.

The purpose of this policy is to help ensure Racing Queensland makes correct and preferable commercial decisions at all levels of the organisation. This is achieved by ensuring Racing Queensland's decision-making processes are open and transparent, decisions are made in accordance with the principles of good decision-making, decisions are documented and decision makers understand their role and responsibilities and are accountable for their decisions.

POLICY STATEMENT

Racing Queensland's commercial decisions

Racing Queensland will make commercial decisions in accordance with the principles of good decision-making.

Racing Queensland's commercial decisions will be lawful, not induced or affected by fraud, based on evidence and consistent with public administration standards and codes of conduct.

Racing Queensland will provide sufficient training to its decision makers to ensure they understand their roles and responsibilities and understand the provisions of the Rules of Racing, *Racing Act 2002* and other legislation relevant to their decisions.

Accountability

Racing Queensland's decision makers will be accountable for their decisions.

Administrative improvement

Racing Queensland will collect and analyse data relating to its commercial decisions to identify problems with its decision-making processes and improve the quality of its decisions.

APPLICATION

This policy applies to commercial decision makers in Racing Queensland generally. A separate policy applies to decision-making on integrity-related matters, such as stewarding, licensing and handicapping/grading.

DEFINITIONS

'Administrative decisions' refers to decisions of an administrative character made, proposed to be made, or required to be made, under an enactment (whether or not in the exercise of discretion).

'Making a decision' includes:

- (a) making, suspending, revoking or refusing to make an order, award or determination
or
- (b) giving, suspending, revoking or refusing to give a certificate, direction, approval, consent or permission or

- (c) issuing, suspending, revoking or refusing to issue a licence, authority or other instrument or
- (d) imposing a condition or restriction or
- (e) making a declaration, demand or requirement or
- (f) retaining, or refusing to deliver up, an article or
- (g) doing or refusing to do anything else and a reference to a “failure to make a decision” is to be construed accordingly.

PROCEDURES

Roles and responsibilities

Racing Queensland’s board and officers must make commercial decisions in accordance with the principles of good decision-making and this policy.

Rules of Racing

Rules of Racing will not be made for this policy.

Racing Queensland Limited

POLICY FOR SAFEGUARDING THE PUBLIC INTEREST IN THOROUGHBRED, HARNESS AND GREYHOUND RACING

DATE THE POLICY WAS MADE

This policy was made on 1 July 2010.

COMMENCEMENT DATE

This policy comes into effect on 1 July 2010.

PURPOSE

The *Racing Act 2002* (Act) authorises Racing Queensland Limited (Racing Queensland) to make policies for the sound management of the Queensland racing industry. Section 81(b) of the Act requires Racing Queensland to make a policy for safeguarding the public interest in thoroughbred, harness and greyhound racing.

What is the public interest?

While stating that Racing Queensland must make a policy for safeguarding the public interest in racing, the Act does not define “public interest”. Section 81(b) of the Act requires a policy for safeguarding the wellbeing of the general public.

Some useful guidance in this regard may be drawn from the Queensland Government’s Policy Handbook:

*Government acts **in the public interest**, not in the stakeholders' interests. It is very common for different stakeholders to have competing interests and it may be impossible to reconcile the differences.*

***Public interest** cannot be measured precisely. It does not equate to pleasing everyone and it is not the same as public opinion or popularity. An action may be **in the public interest** yet unpopular. Government decisions to increase taxation are often in this category, although the purpose for which the extra revenue is used may be very popular.*

*While practitioners may give advice about the views of stakeholders, the various options and the implications, costs and benefits of each, the determination of what is **the public interest** is essentially a political decision.*

What is the public interest in racing?

The explanatory notes to the *Racing Bill 2002* refer to the public interest on a number of occasions, beginning with the policy objectives of the legislation, which are to:

- maintain public confidence in the racing of animals in Queensland for which betting is lawful;

- ensure the integrity of all persons involved with racing or betting;
- safeguard the welfare of all animals involved in racing; and
- meet National Competition Policy obligations by removing legislative restrictions on competition that cannot be justified **in the public interest**.

The explanatory notes state that it is considered justifiable and **in the public interest** that persons with convictions for dishonesty, stealing and unlawful betting and bookmaking offences, regardless of when the offences were committed, should not be eligible to be associated with the management or ownership of a control body. Only those persons of the highest integrity should be appointed as an executive officer of a control body.

The explanatory notes refer to the show cause procedure that the Minister and chief executive must comply with when taking any disciplinary action, save in exceptional circumstances where immediate suspension is warranted **in the public interest**.

The Act gives the Minister power to direct a control body to review its existing rules or to make new rules about a matter. The explanatory notes state that if a control body reviews a particular rule and decides that the rule should not be amended, the control body would need to demonstrate that the rule of racing is **in the public interest** and has sufficient regard to section 4(3) of the *Legislative Standards Act 1992*, which provides that, “*whether legislation has sufficient regard to the rights and liberties of individuals depends on whether, for example, the legislation -*

- (a) makes rights and liberties, or obligations, dependent on administrative power only if the power is sufficiently defined and subject to appropriate review; and*
- (b) is consistent with the principles of natural justice; and*
- (c) allows the delegation of administrative power only in appropriate cases and to appropriate persons....”*

According to the explanatory notes, community expectations require that entities empowered to make rules and policies, particularly rules and policies that affect the livelihoods and lives of persons, should have due regard to those principles outlined in section 4(3) of the *Legislative Standards Act 1992*, unless there are good **public interest** reasons for not doing so.

The Act provides that the Minister may request the Auditor-General to audit a control body. According to the explanatory notes, this power would only be exercised by the Minister in circumstances where the Minister has grounds to believe that it is **in the public interest** for an independent audit of the control body to be conducted.

Section 81(b) of the Act provides that a control body must make a policy about safeguarding **the public interest** in the codes. According to the explanatory notes, a control body would need to consider the need to ensure the integrity of the code’s racing in making such a policy.

Racing’s place in Queensland’s economy and society

In order to safeguard the public interest in racing, it is first necessary to attempt to gauge racing’s positive and negative effects on Queensland’s economy and society.

Racing occupies a central place in Queensland's economy and society. It is part of the Queensland and Australian folklore and psyche, even for people who have no interest in racing and have never been to a racetrack.

The Queensland racing industry is a major contributor to Queensland's Gross State Product and generates jobs of all skill levels throughout the State. The range of people making their livelihood wholly or in part through the racing industry is enormous – jockeys, drivers, trainers, stablehands, bookmakers, veterinarians, owners, attendants, scientists, farmers, breeders, stock agents, farriers, IT professionals, data entry clerks, educators, labourers, caterers, cleaners, stewards, administrators and lawyers.

The State and Commonwealth Governments derive revenue directly and indirectly from the Queensland racing industry. It is in the public interest that the Queensland racing industry fulfil its economic potential for the benefit of regional communities and the State as a whole.

The Queensland racing industry has recognised community concern about problem gambling and acknowledges it has a role to play to promote responsible gambling and minimise the harm caused by problem gambling. The Queensland racing industry has participated in the Queensland Government's initiative to work with the range of gambling providers to develop a Responsible Gambling Code of Practice and a Racing Industry Responsible Gambling Policy. Racing Queensland supports and abides by the policy and code. Information about the responsible gambling initiative is available from the website www.responsiblegambling.qld.gov.au.

Given the Queensland racing industry's importance to Queensland's society and economy, it is imperative that the public interest in racing be protected by:

- ensuring that the Queensland racing industry is managed professionally;
- promoting a positive image of racing as a legitimate form of entertainment and a rewarding industry in which to work and invest;
- ensuring the highest standards of integrity in the conduct of racing and betting;
- protecting the safety of Queensland racing industry workers and race day patrons;
- protecting the welfare of racing animals;
- minimising the harm associated with gambling;
- ensuring the industry is a "responsible citizen" and "good neighbour"; and
- providing mechanisms for people who have complaints against aspects of Queensland racing industry administration to have their problems addressed.

The purpose of this policy is to help ensure Racing Queensland safeguards the public interest in racing.

POLICY STATEMENT

Professional management

Racing Queensland will ensure that the Queensland racing industry is managed professionally by managing its own operations and overseeing race clubs' operations according to the highest professional standards.

In order to ensure its operations are efficient and effective, Racing Queensland will develop policies for:

- policy development;
- employment of officials and other staff;
- decision-making by stewards and decision-making by Racing Queensland generally;
- record keeping;
- the organisation's website;
- fees Racing Queensland charges license holders;
- forms for administration of the Queensland racing industry; and
- other matters as Racing Queensland sees fit for the proper management of the Queensland racing industry.

In order to ensure the Queensland racing industry operates professionally, Racing Queensland will develop policies for:

- licensing race clubs, racing venues, industry participants and racing animals;
- training of licensees and other industry participants;
- lawful betting;
- the allocation of race days and the provision of funding to licensed clubs;
- the standard required of licensed clubs and venues;
- the way in which races are to be held;
- handicapping/grading;
- appeals;
- other matters as Racing Queensland sees fit for the proper management of the industry.

In order to ensure race clubs operate professionally, Racing Queensland will formulate policies for:

- the formation and management of clubs;
- licensed non-proprietary race clubs to manage their finances;
- licensed non-proprietary race clubs to manage their assets; and
- other matters as Racing Queensland sees fit for the proper management of the industry.

Racing Queensland requires licensed clubs to manage their finances and assets according to Racing Queensland's Financial Management Procedures Manual.

Racing Queensland will consult stakeholders when it makes policies. It will review its policies regularly to ensure they are relevant and continue to encourage efficient and effective administration.

Professional presentation

Racing Queensland will present a positive image of racing as a legitimate, professional and lawful industry. Through its licensing of clubs, venues and licensees, Racing Queensland will encourage standards of presentation that give the public confidence in racing as a sport, a pastime and a business characterised by openness, transparency, integrity and accountability.

Racing Queensland will present a positive image of racing as a legitimate form of entertainment for adults from all walks of life. Promotions will encourage people to attend races and racing-related activities.

Racing Queensland will promote the Queensland racing industry as a rewarding industry in which to work, offering many different career opportunities, from the unskilled to the highly skilled, from country Queensland to the regional towns and cities and major metropolitan centres.

Racing Queensland will promote the Queensland racing industry as a rewarding industry in which to invest, as an owner or part owner of racing animals, or as a service provider to the industry.

Integrity assurance

In order to ensure the highest standards of integrity in the conduct of racing and betting, Racing Queensland will formulate policies for:

- licensing race clubs, racing venues, industry participants and racing animals;
- lawful betting;
- testing racing animals for illicit substances;
- standards of equipment and staffing for monitoring races and racing facilities; and
- other matters as Racing Queensland sees fit to assure integrity.

Public safety

In order to protect the safety of Queensland racing industry workers and race day patrons, Racing Queensland will formulate policies for:

- licensing race clubs, racing venues, industry participants and racing animals;
- the standard required of licensed venues;
- training of licensees and other industry participants;
- drug and alcohol use by employees and licensees; and
- other matters as Racing Queensland sees fit for the proper management of the industry.

Animal welfare

In order to protect the welfare of racing animals, Racing Queensland will formulate policies for:

- the training of thoroughbreds, harness racing horses and greyhounds;
- the welfare of thoroughbreds, harness racing horses and greyhounds; and
- other matters as Racing Queensland sees fit for the proper management of the industry.

Racing Queensland requires race clubs, racing animal owners and industry licensees to protect the welfare of racing animals under their control. Racing animals must be kept and transported in clean, secure facilities and be provided with adequate food,

water, medicines and shelter to ensure their wellbeing. Sick or injured animals must be cared for.

Minimising harm from gambling

In order to minimise the harm associated with gambling, especially the connection between problem gambling and drinking, Racing Queensland will comply with the Racing Industry Responsible Gambling Policy.

Racing Queensland will require its clubs to comply with this policy and the Responsible Gambling Code of Practice. Race clubs must develop their own responsible gambling policy based on the Racing Industry Responsible Gambling Policy and the Responsible Gambling Resource Manual. A club's responsible gambling policy must include strategies for:

- providing information to customers;
- developing links with customers and the community;
- excluding problem gamblers;
- creating an acceptable physical environment where gambling may occur;
- providing financial transaction services; and
- regulating advertising and promotions.

The policy will:

- help customers make informed decisions about their gambling;
- minimize harm from gambling to individuals and the broader community; and
- provide people adversely affected by gambling with access to timely and appropriate assistance and information.

Responsible citizenship

Racing Queensland expects and requires race clubs, racehorse owners, greyhound owners and Queensland racing industry licensees to be responsible citizens and good neighbours by minimising or eliminating the impact of their racing-related activities on the community.

This includes:

- complying with local authority environmental health and workplace health and safety regulations;
- minimising the impact of traffic, congestion and parking problems caused by race days by providing parking or public transport facilities;
- reducing noise and light pollution from racing venues;
- instituting sound animal husbandry practices;
- minimising unpleasant odour from stables/kennels in residential areas by ensuring high standards of hygiene;
- controlling vermin in stables/kennels; and
- preventing wastes from discharging from stables/kennels into the stormwater system.

Complaints mechanisms

Racing Queensland will manage the Queensland racing industry for the benefit of stakeholders and the public generally.

Racing Queensland will ensure its decision-making is fair, impartial and transparent. Racing Queensland has developed policies for its commercial decision-making and integrity-related decision-making. Racing Queensland will make commercial and integrity-related decisions in accordance with these policies.

Racing Queensland recognises that from time to time licensees, other Queensland racing industry participants and members of the public may have complaints about the administration of the Queensland racing industry. Complaints should be made in accordance with the Complaints Management Policy of Racing Queensland.

Racing Queensland will treat complaints seriously and confidentially and make every effort to resolve them in accordance with the Complaints Management Policy.

APPLICATION

This policy applies to the general public in the Queensland racing industry.

DEFINITION

'Stakeholder' means a person with an interest or concern in the Queensland racing industry.

PROCEDURES

Roles and responsibilities

Racing Queensland's department managers are responsible for preparing the policies listed above that relate to their area of management

Rules of Racing

Rules of Racing will not be made for this policy.

Review

Review date will be July 2012.

REVISION HISTORY

Version	Date	Description
1.01	July 2010	Board adopted under exceptional circumstances
1.02	September 2010	Board confirmed this policy continued to have effect

RACING QUEENSLAND LIMITED

TAB CLUB CAPITAL WORKS POLICY

DATE THE POLICY WAS MADE

This policy was made on 1 July 2010.

COMMENCEMENT DATE

This policy comes into effect on 1 July 2010.

PURPOSE

The *Racing Act 2002* (Act) provides that it is a function of Racing Queensland to initiate, develop and implement policies it considers conducive to the development and welfare of the racing industry and the protection of the public interest in relation to the racing industry.

Licensed race clubs organise and run thoroughbred, harness or greyhound race meetings in Queensland. They are responsible for the development and maintenance of assets crucial to the Queensland racing industry. They generate revenue and profits and hold assets on behalf of their members and the industry.

Race clubs also operate in an increasingly competitive environment. The welfare of individual clubs and the industry as a whole depends on race clubs instituting sound management practices.

Queensland race clubs range from multi-million dollar businesses with substantial administrations to those that race once or twice a year and are administered voluntarily. The wagering generated by race clubs that conduct TAB race meetings in Queensland is crucial to the revenue that ultimately flows to the entire racing industry.

Racing Queensland recognises that whilst race clubs have the responsibility to ensure facilities are maintained to a high standard, it also has a role to ensure the development and welfare of the racing industry.

Therefore, the purpose of this policy is to help Queensland TAB race clubs fund capital works that can be categorised as either integrity or racing related.

POLICY STATEMENT

Racing Queensland requires Queensland race clubs to manage and maintain their facilities to a high standard to protect the safety and welfare of all participants.

To assist in meeting the cost of capital works for TAB race clubs, Racing Queensland has committed to establishing a capital works fund.

From time to time, Racing Queensland will conduct venue audits to assess the capital works needs of TAB race clubs. All venue audits will be conducted in the presence of the applicable race club personnel. The information collected as a result of the venue audits will be used by Racing Queensland to develop list of capital works priorities.

The following principles will apply when the Racing Queensland Board gives consideration to the prioritising of capital expenditure:

1. The Racing Queensland Board will approach capital works expenditure on a co-contribution basis;
2. All capital works expenditure will be integrity and/or racing related;
3. A contribution from Racing Queensland for non-integrity/racing related capital works will only be considered in exceptional circumstances.
4. Expenditure for capital works already completed will not be considered

APPLICATION

This policy applies to all licensed, non-proprietary TAB race clubs in Queensland.

DECISION MAKING PRINCIPLES

When prioritising capital works, Racing Queensland will take into account the following:

1. The category of capital works
2. The priority of the proposed capital works.
3. Costs benefit analysis (if applicable).
4. The associated risks if the work does not proceed.
5. The capacity of the club to fund the capital works.
6. The ability of funding to be sought elsewhere.
7. Racing Queensland's capital works budget.
8. Alignment of the capital works with Racing Queensland's Business Plan.
9. Recent history of capital works grants to the club.

The application of these principles, where applicable, will assist with the prioritising of capital works.

DEFINITIONS

'Capital Works Fund' refers to a fund established by Racing Queensland.

'Integrity Related' refers to those matters that relate directly to the Integrity of the Industry such as steward's towers, swabbing stalls etc.

'Racing Related' refers to those matters that are racing related such as tracks, running rail, training facilities, on-course stabling, irrigation systems etc.

PROCEDURES

The following guidelines will apply:

1. Racing Queensland will advise all TAB race clubs that venue audits are to be undertaken within a predetermined period of time.
2. An outline of the audit scope and process will be provided to the race club along with details of the timing and personnel that will conduct the audit.
3. The race club will be required to confirm the time of the audit and advise of the race club representative who will be present during the audit.
4. A copy of the race club audit results will be provided to the respective club for information with a report to be considered by the Board of Racing Queensland.
5. The Board of Racing Queensland will identify the projects to be costed, if not already done so, in conjunction with the relevant clubs.
6. The Board of Racing Queensland will prioritise capital works expenditure and develop a capital works plan for the year.
7. An outline of the proposed capital works will be provided to the relevant race club along with a funding proposal.
8. The relevant race club will be required to respond to the proposal within a predetermined period of time that will be communicated to the club.
9. Management of the approved projects will be agreed with the relevant race clubs.

RULES OF RACING

Rules of racing will not be made for this policy.

Racing Queensland Limited

TAB CLUB CAPITAL WORKS POLICY

DATE THE POLICY WAS MADE

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COMMENCEMENT DATE

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PURPOSE

The *Racing Act 2002* (Act) provides that it is a function of Racing Queensland to initiate, develop and implement policies it considers conducive to the development and welfare of the racing industry and the protection of the public interest in relation to the racing industry.

Licensed race clubs organise and run thoroughbred, harness or greyhound race meetings in Queensland. They are responsible for the development and maintenance of assets crucial to the Queensland racing industry. They generate revenue and profits and hold assets on behalf of their members and the industry.

Race clubs also operate in an increasingly competitive environment. The welfare of individual clubs and the industry as a whole depends on race clubs instituting sound management practices.

Queensland race clubs range from multi-million dollar businesses with substantial administrations to those that race once or twice a year and are administered voluntarily. The wagering generated by race clubs that conduct TAB race meetings in Queensland is crucial to the revenue that ultimately flows to the entire racing industry.

Racing Queensland recognises that whilst race clubs have the responsibility to ensure facilities are maintained to a high standard, it also has a role to ensure the development and welfare of the racing industry.

Therefore, the purpose of this policy is to help Queensland TAB race clubs fund capital works that can be categorised as either integrity or racing related.

POLICY STATEMENT

Racing Queensland requires Queensland race clubs to manage and maintain their facilities to a high standard to protect the safety and welfare of all participants.

To assist in meeting the cost of capital works for TAB race clubs, Racing Queensland has committed to establishing a capital works fund.

From time to time, Racing Queensland will conduct venue audits to assess the capital works needs of TAB race clubs. All venue audits will be conducted in the presence of the applicable race club personnel. The information collected as a result of the venue audits will be used by Racing Queensland to develop list of capital works priorities.

The following principles will apply when the Racing Queensland Board gives consideration to the prioritising of capital expenditure:

1. The Racing Queensland Board will approach capital works expenditure on a co-contribution basis;
2. All capital works expenditure will be integrity and/or racing related;
3. A contribution from Racing Queensland for non-integrity/racing related capital works will only be considered in exceptional circumstances.
4. Expenditure for capital works already completed will not be considered

APPLICATION

This policy applies to all licensed, non-proprietary TAB race clubs in Queensland.

DECISION MAKING PRINCIPLES

When prioritising capital works, Racing Queensland will take into account the following:

1. The category of capital works
2. The priority of the proposed capital works.
3. Costs benefit analysis (if applicable).
4. The associated risks if the work does not proceed.
5. The capacity of the club to fund the capital works.
6. The ability of funding to be sought elsewhere.
7. Racing Queensland's capital works budget.
8. Alignment of the capital works with Racing Queensland's Business Plan.
9. Recent history of capital works grants to the club.

The application of these principles, where applicable, will assist with the prioritising of capital works.

DEFINITIONS

'Capital Works Fund' refers to a fund established by Racing Queensland.

'Integrity Related' refers to those matters that relate directly to the Integrity of the Industry such as steward's towers, swabbing stalls etc.

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PROCEDURES

The following guidelines will apply:

1. Racing Queensland will advise all TAB race clubs that venue audits are to be undertaken within a predetermined period of time.
2. An outline of the audit scope and process will be provided to the race club along with details of the timing and personnel that will conduct the audit.
3. The race club will be required to confirm the time of the audit and advise of the race club representative who will be present during the audit.
4. A copy of the race club audit results will be provided to the respective club for information with a report to be considered by the Board of Racing Queensland.
5. The Board of Racing Queensland will identify the projects to be costed, if not already done so, in conjunction with the relevant clubs.
6. The Board of Racing Queensland will prioritise capital works expenditure and develop a capital works plan for the year.
7. An outline of the proposed capital works will be provided to the relevant race club along with a funding proposal.
8. The relevant race club will be required to respond to the proposal within a predetermined period of time that will be communicated to the club.
9. Management of the approved projects will be agreed with the relevant race clubs.

RULES OF RACING

Rules of racing will not be made for this policy.

REVIEW

Review date will be July 2012.

REVISION HISTORY

Version	Date	Description
1.01	July 2010	Board adopted under exceptional circumstances
1.02	September 2010	Board confirmed this policy continued to have effect



EXPENSE REIMBURSEMENT POLICY

Owner

Chief Financial Officer

Stakeholders

Corporate Wide

Revision History

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	May 2010	First draft Murray Dyke (Reviewed AC) Printed { DATE \@ "d/MM/yyyy h:mm am/pm" }
1.02	22 June 2010	Reviewed AC - Final to Board 1 July 2010
1.03	1 July 2010	Approved RQL Board



EXPENSE REIMBURSEMENT POLICY & PROCEDURES

Purpose

This policy sets out the guidelines and requirements relating to the reimbursement of expenses incurred by Board members and officers of Racing Queensland Limited in performing their role on behalf of the organisation.

Policy

1. Introduction

The Chief Executive Officer or equivalent accountable officer - Chief Financial Officer are responsible for the control of and accounting for Racing Queensland Limited's approved expenditure budget.

To fulfil this responsibility, systems and internal controls shall be established and maintained within Racing Queensland Limited to monitor and ensure:

- payments of expenditure reimbursement are made in accordance with the procedures contained in the Financial Management Practice Manual;
- payments of expenditure reimbursement are supported by adequate documentation and appropriate delegated approval has been granted;
- prompt identification, computation and recording of expenditure incurred; and
- efficiency, effectiveness, economy and avoidance of waste and extravagance.

Adequate internal controls will be relied upon to monitor procedures associated with these systems.

2. Accounting Control

2.1 Scope

This Policy Statement sets out the guidelines which must be followed by Racing Queensland Limited Board members and officers in the control of, accounting for and reporting of reimbursement of expenditure incurred.

This policy includes the following key elements:

- Identification and control of expenditure;
- Segregation of duties;
- Expenditure commitments and authorisation;
- Invoice claims/processing;
- Preparation for payment;
- Payment certification;
- Payment processing;
- Cash advances;
- Petty cash;
- Corporate credit cards;
- Gifts and
- Expense reimbursement form

2.2 Identification and Control of Reimbursement of Expenditure

The necessary procedures associated with identification and control of reimbursement of expenditure are established and specified in this policy document with the objective of ensuring:

- prompt recognition and recording of reimbursement of expenditure in a manner that allows reporting objectives and accountability requirements to be satisfied;
- systems of approval and internal control are in place and are adequate to ensure reimbursement of expenditure is only made for an authorised (official) purpose which shall be recorded and kept; and
- that the accounting policies to be applied in the recognition of reimbursement of expenditure in the accounts are defined and consistently applied.

2.3 Segregation of Duties

Where possible accounting duties are to be segregated so that the following functions are performed by different officers:

- authorisation to incur expenditure;
- preparation for payment;
- payment certification;
- signing cheques; and
- dispatching cheques.

Where staffing does not allow full segregation of duties compensating controls must be in place.

2.4 Expenditure Commitments and Authorisation

Specific processes and procedures include:

- Approval to reimburse expenditure is to be made in accordance with this policy.
- Reimbursement must only be initiated when the expenditure is properly authorised by an officer with the appropriate financial delegation.
- Reimbursements must be accurately recorded in the financial system in a prompt manner.

2.5 Claims Processing

Specific processes and procedures for the processing of reimbursements of expenditure include:

- Claims via an expense reimbursement form are to be forwarded to finance (accounts payable) and promptly and properly recorded into the accounting system.
- Claims must be matched to relevant documentation for price, quantity and other details such as GST.

- A supporting General Expense Claim Form must be completed by the finance officer for payment processing, excluding petty cash reimbursement or payment through payroll.
- Claims which lack supporting documentation for payment must be investigated and followed up.
- Under no circumstances should incomplete claims be processed. Such claims must be followed up with the officer concerned and documentation obtained where appropriate.
- Price variations between the claims and supporting documentation must be brought to the attention of the approving officer. Where such variation takes the total cost over that officer's delegation limit, the variation must be approved by an officer with appropriate delegation. Reasons for variations must be sought from the claimant.

2.6 Payment Certification

- All prepared invoice authorisation forms and accompanying expense reimbursement forms must be examined by an independent accounting officer to ensure the forms are in order prior to input to the financial system.
- Following data entry to the financial system an independent accounting officer must review system data entry validation reports and payment documentation prior to payment release.

2.7 Payment Processing

Specific processes and procedures include:

- Expense reimbursements are to be paid by Electronic Funds Transfer (EFT) through the accounts payable system. Staff allowances are to be paid through the Payroll System.

2.8 Cash Advances

Cash advances must be approved by an authorised officer.

Specific processes and procedures include:

- A record of a cash advance must be kept and reporting arrangements will be established for reconciliation purposes.
- Payments from an advance must be properly authorised and supported.
- Where all or part of any advance is determined to be no longer required for the purpose advanced, it must be repaid within seven days.
- Temporary cash advances, including anticipated travelling expenses, must only be made for specific purposes and for specific periods. The recipient of the advance must be advised of the obligation to either account for use of the advance or arrange for repayment within seven days of the end of such period.

2.9 Petty Cash

The Finance Officer shall keep the petty cash imprest account to a value as determined from time to time and may:

- pay from that account claims for reimbursement for the supply of goods or rendering of services of a petty cash nature up to but not exceeding \$100.00;
- may advance to an officer, duly authorised, such sums as are required for official use of Racing Queensland Limited up to, but not exceeding, \$100.00;

- where claims or advances exceeding \$100.00 are required, the Chief Financial Officer or the Finance Manager may, where considered appropriate, authorise such claims or advances up to, but not exceeding, \$300.00. Such claims or advances must only be authorised in emergent situations where the satisfaction of such claim or advance by other means would be administratively inefficient; and
- claims or advances in excess of \$300.00 must not be handled through the petty cash imprest account.

The petty cash imprest account must be recouped regularly to ensure sufficient funds are available to satisfy claims and advances.

The Accountant must check the account balance on an ad hoc basis as a control over the advance held by the Finance Officer.

2.10 Corporate Credit Cards

Racing Queensland Limited uses the following credit card facilities:

Type of Card	Cardholder
Corporate Credit Card	Restricted to the Chairman, Deputy Chairman, Executive Officers and authorised staff for expenditure incurred for business operations, entertainment and travel
Fuel Card	Staff driving official vehicles as per the terms of their contract of employment.

The following conditions governing the use of credit cards prevail:

A register of cards must be established and maintained to exercise control over the issue and use of cards.

- Only authorised charges may be made against the credit organisation;
- Cards must be secured at all times against unauthorised use;
- Internal control measures must be sufficient to ensure cards are used for official purposes only and that any misuse is detected promptly and reported to the Chief Financial Officer.
- Officers using a credit card must obtain particulars of transactions including supporting invoices and dockets duly signed. A Credit Card Usage Form must be completed with the invoices attached. The documentation must be forwarded promptly to an accounting officer for attachment to the credit card transaction record for the purposes of sustaining the official use of the card and settlement of the amount within the required period;
- An accounting officer must match the dockets to the statements received from the credit card organisation;
- The dockets and the summary of these dockets showing the charges incurred by the use of credit cards must be properly authorised by a duly authorised officer; and
- The use of credit cards for the purchase of goods and services must be in strict accordance with the purchasing policy of Racing Queensland Limited.

2.11 Gifts

Specific guidelines include:

- Reportable gifts as defined by the Gifts and Benefits Policy must not be made or received without the prior approval of the Chief Executive Officer or Director Integrity Operations or the Board Chairman in the case of Board members.

- An "Intangible Gift or Benefit" is one with no lasting value.
- A "Nominal Gift or Benefit" is one with a fair value of less than \$50
- A "Significant Gift or Benefit" is one with a fair value between \$50 and \$250.
- A "Reportable Gift or Benefit" is a single gift or benefit with a fair value in excess of \$250 or each significant gift given to or received from the same donor in the course of a financial year where the aggregate value of those gifts is in excess of \$250. Any gift of property, travel, entertainment, hospitality or any other benefit that is not part of your official remuneration. This includes valuable items whether of a personal nature or otherwise.
- Gifts can only be made or received in the conduct of official Racing Queensland Limited business.
- A record of reportable gifts made or received must be maintained , indicating:
 - date of the reportable gift;
 - the parties involved;
 - particulars of the reportable gift; and
 - the approval given in accordance with the Gifts and Benefits Policy.

2.12 Expenditure Reimbursement Form

All claims for reimbursement of expenditure must be submitted on an official expense reimbursement form (attached to this policy).

3. Expenditure Reimbursement Items

3.1 Scope

This Policy Statement sets out the guidelines which must be followed by Racing Queensland Limited Board members and officers in claiming reimbursement of expenditure. It clarifies the types of expenditure that an officer can reasonably incur in undertaking business on behalf of Racing Queensland Limited:

This policy includes the following key elements:

- Board Expenses
- Executive Staff & Management
- Use of Contra

3.2 Board Expenses

3.2.1 Travel Expenses

All Board members will travel economy class unless seats are not available at which time they may upgrade to business class in special circumstances or unless otherwise approved by the Board Chairman. In circumstances where there is overseas travel (excluding New Zealand), Board members may use business class. All reservations must be made through the authorised travel coordinator at the most competitive price. It is recommended that a travel diary is completed.

3.2.2 Accommodation

Board members are entitled to a quality standard of accommodation when travelling. All reservations must be made through the authorised travel coordinator at the most competitive price.

All other reasonable business related expenses which are incurred while travelling on official Racing Queensland Limited business as determined by the Board Chairman may be submitted for reimbursement.

Allowable expenses would include:

- Meals and accompanying beverages, at a reasonable limit.
- Laundry and Dry Cleaning costs where the period of travel is more than two days.
- Car Parking
- Telephone expenses in the conduct of official Racing Queensland Limited business.
- Entertainment of persons, at a reasonable limit, in the conduct of official Racing Queensland Limited business.
- Incidental expenses, at a reasonable limit.

The use of accommodation provided through sponsorship agreements should be approved by the Chairman, or in the case of the Chairman the Chief Executive Officer, prior to travel and recorded in the official Racing Queensland Limited sponsorship database as being utilised by the Board member concerned.

3.2.3 Motor Vehicles

A motor vehicle allowance of **74** cents per kilometre is payable to Board members whose place of residence and/or occupation is outside the city or town where the meeting is being held and require their private vehicle to attend official Racing Queensland Limited meetings.

3.2.4 Communication Expenses

Communication expenses for Board members will be allowable as agreed by the Board Chairman. In the case of the Chairman, by the Chief Executive Officer. Payment of telephone expenses from a private telephone will be reimbursed on the production of telephone accounts highlighting Racing Queensland Limited business related calls or as otherwise predetermined by Board Chairman.

3.2.5 Board Entertainment Expenses

Entertainment expenses are covered in Section 4 of this policy.

3.2.6 Accompanying Spouses

Accompanying spouses may attend official engagements at the expense of Racing Queensland Limited, where it is considered appropriate for the performance of official duties and adequate representation of Racing Queensland Limited. Approval must be obtained from the Board Chairman and in the case of the Chairman, from the Chief Executive Officer.

3.2.7 Use of Contra

The use of air travel, accommodation and entertainment that has been provided by sponsors as part of contra sponsorship agreements has been addressed above. The use of Contra is to be approved by the Chairman, or in the case of the Chairman, the Chief Executive Officer. All contra must be properly accounted for through the official database that has been established to record the provision and use of goods and services flowing from contra sponsorship agreements.

3.3 Employees

3.3.1 Travel Expenses

All staff will travel at economy rates both for local and overseas travel unless seats are not available at which time they may upgrade to business class in special circumstances or unless otherwise approved by the Chief Executive Officer or Director Integrity Operations. All reservations must be made through the authorised travel coordinator at the most competitive price.

Other than for travel to/from official Racing Queensland Limited business meetings/conferences, proposed trips involving air travel should be approved in advance by the Chief Executive Officer or Director Integrity Operations.

The use of air travel provided through sponsorship agreements should be approved by the Chief Executive Officer or Director Integrity Operations prior to travel and recorded in the official Racing Queensland Limited sponsorship database as being utilised by the staff member/s concerned.

3.3.2 O/S Travel

A detailed travel diary must be maintained by the any employee travelling overseas. The diary is to record all activities and related expenses for the duration of the trip. This information includes:

- Departure and arrival times
- Meals, drinks and the name and location of restaurants used.

The following is an example of a travel diary:

TRAVEL DIARY

Name: _____ Period Beginning: _____

Signature: _____ Period Ending _____

Date of Entry	Activity Commenced		Travel Itinerary (Place of Activity)	Duration of Activity (Hours/Days)	Purpose of Activity
	Time	Date			

The travel diary is to be completed for all overseas travel

All time away from home/office is to be accounted for, including time taken as leave

Entries are to be made at the time of the activity, or as soon as reasonably practical

3.3.2 Accommodation

Executive staff are entitled to a quality standard of accommodation when travelling. All reservations must be made through the authorised travel coordinator at the most competitive price.

All other reasonable business related expenses which are incurred while travelling on official Racing Queensland Limited business may be submitted for reimbursement.

Allowable expenses would include:

- Meals and accompanying beverages, at a reasonable limit.
- Laundry and Dry Cleaning costs where the period of travel is more than two days.
- Car Parking
- Telephone expenses in the conduct of official Racing Queensland Limited business.
- Entertainment of persons, at a reasonable limit, in the conduct of official Racing Queensland Limited business.

The use of accommodation provided through sponsorship agreements should be approved by the CEO or DIO prior to travel and recorded in the official Racing Queensland Limited sponsorship database as being utilised by the staff member/s concerned.

3.3.3 Motor Vehicles

A motor vehicle allowance of **74** cents per kilometre is payable to staff whose place of residence and/or occupation is outside the city or town where the business meeting/conference is being held and require their private vehicle to attend official business.

Other than for travel to/from official business meetings/conferences, proposed trips involving reimbursable motor vehicle travel should be approved in advance by either the CEO and DIO.

3.3.4 Communication Expenses

Communication expenses for staff will be allowable in accordance with the terms and conditions outlined in their employment contract or as determined by the CEO or DIO. Payment of telephone expenses from a private telephone will be reimbursed on the production of telephone accounts highlighting Racing Queensland Limited's business related calls or as otherwise predetermined by the Chief Executive Officer or Director Integrity Operations.

3.3.5 Executive/Staff Entertainment Expenses

Entertainment expenses are covered in Section 4 of this policy.

3.3.6 Accompanying Spouses

Accompanying spouses may attend official engagements at the expense of Racing Queensland Limited where it is considered appropriate for the performance of official duties. Approval must be obtained from the Chief Executive Officer or the Director Integrity Operations.

3.3.7 Use of Contra

The use of air travel, accommodation and entertainment that has been provided by sponsors as part of contra sponsorship agreements has been addressed above. Contra must not be accessed by any staff member unless approved by either CEO or DIO. All contra must be properly accounted for through the official database that has been established to record the provision and use of goods and services flowing from contra sponsorship agreements.

4. Specific Entertainment Guidelines

4.1 Scope

This Policy Statement sets out the guidelines which must be followed by Racing Queensland Limited Board members and Executive Officers in claiming expenditure for entertainment. It clarifies the types of expenditure that an officer can reasonably incur in undertaking business on behalf of Racing Queensland Limited:

4.2 Entertainment Guidelines

Expenses will be paid/reimbursed to Board Members and Racing Queensland Limited officers relating to the entertainment of persons under the following circumstances:

- the entertainment is considered essential to facilitate Racing Queensland Limited business with an identified purpose/benefit. Such hospitality should not be a substitute for business meetings which would ordinarily be conducted in the office. The use of in-house catering is encouraged with a view to substantial cost savings.

- the entertainment itself is of a reasonable standard. **Reasonable standard is defined as a standard that is publicly defensible and meets the purpose and nature of the client or business partner meeting.**
- the amount spent on entertainment above \$1,000 should be approved in advance by the Board Chairman for Board Members and in the case of the Chairman by the Chief Executive Officer, and by the Chief Executive Officer or Director Integrity Operations for all staff.
- as a general rule, the value of beverages should not exceed the value of meals;
- the persons being entertained are current or future official clients or stakeholders or business associates of Racing Queensland Limited.
- an appropriate reason must be provided by the delegated officer for the attendance of other Racing Queensland Limited Staff.
- accompanying spouses/partners must be pre - approved by the Board Chairman for Board members, and in the case of the Chairman by the Chief Executive Officer, and the Chief Executive Officer and Director Integrity Operations for staff.
- all entertainment expenditure is to be supported by approved claim forms which are readily available from the Finance Department. Please note that a tax invoice must be provided with all entertainment expense claims.
- participation in entertainment provided through sponsorship agreements (including corporate marquees and associated functions) should be approved by the department manager prior to the event for staff members. The department manager has the responsibility of advising the Chief Executive Officer or Director Integrity Operations of Racing Queensland Limited employees attending the event. All entertainment provided through sponsorship agreements is to be recorded in the official Racing Queensland Limited sponsorship/gifts and benefits database as being utilised by the staff member/s concerned.

4.3 Travel provided to external parties

Approval for external parties to travel at the expense of Racing Queensland Limited must be obtained from the Board Chairman or Chief Executive Officer prior to the travel occurring.

External parties will travel at economy rates unless an application is made and approved by the Chief Executive Officer or Director Integrity Operations. All reservations must be made through the authorised travel coordinator at the most competitive price.

External parties are entitled to a reasonable standard of accommodation when travelling at the expense of Racing Queensland Limited. **Reasonable standard is defined as a standard which is no higher than the standard offered to Racing Queensland Limited Staff.** All reservations must be made through the authorised travel coordinator at the most competitive price.

All other reasonable business related expenses which are incurred while travelling on official Racing Queensland Limited business may be submitted for reimbursement.

Definition – External Parties are consultants, contractors, sub committee members and members of official delegations or the companies clients or industry stakeholders such as owners, trainers, drivers or jockeys.



**RACING
QUEENSLAND**

General Expense Claim Form

Employee: _____ Department: _____

Association: _____ Date: _____

(Please attach all invoices)

Expense Item	Value	GST	Total
Travel _____ Km @ \$ _____ per km From _____ To _____ _____ Km @ \$ _____ per km From _____ To _____ _____ Km @ \$ _____ per km From _____ To _____			
Overnight Allowance			
Accommodation			
Meals			
Telephone and Postage			
Taxi			
Other			
Total			
Less cash Advanced (if any)			
Grand Total			

Employee Signature: _____

Date: _____/_____/_____

Approved by: _____

Date: _____/_____/_____



Corporate Card Usage

Employee: _____ Department: _____

Date of Usage _____ / _____ / _____

Nature of Expense _____

Other Details _____

Amount \$ _____

All Receipts Attached (Tax invoice required)

Please Note: It is the responsibility of the Approving Staff member to ensure that **ALL** parts of this form are completed and completed correctly. All incomplete forms will be returned.

I declare that this expenditure has been incurred on behalf of Racing Queensland Limited and is related to business purposes.

Employee Signature: _____ Date: _____ / _____ / _____



RACING QUEENSLAND

MOTOR VEHICLE Policy and Procedures

Authorised By:	RQL Board - Remuneration and Nomination Sub-Committee	Date of Authorisation:	4 February 2011
Last Amendment Date:	4 February 2011		
Review Due Date:	31 December 2011		
Policy Owner:	Chief Financial Officer		
Related Documents:	Remuneration Policy Fair Work Act 2009 Performance Agreement and Appraisal Policy	▪ TRV Election Form	

Any person who requires assistance in understanding this document should contact their manager.

<u>1. Why does this Policy exist?</u>	3
<u>2. Where does this Policy apply?</u>	3
<u>3. The Transition to this New Policy</u>	3
<u>4. What options are available to include a motor vehicle in remuneration?</u>	4
<u>4.1. 'Tool of Trade' (TOT) Motor Vehicles</u>	4
<u>4.2. Company Vehicles</u>	5
<u>4.3. Novated Leases</u>	5
<u>4.4. Vehicle Allowances</u>	6
<u>5. General Matters</u>	8
<u>5.1. Drivers' Licences</u>	8
<u>5.2. Using Privately Owned Vehicles for Business Purposes</u>	8
<u>5.3. Infringement Notices</u>	8
<u>5.4. Other Drivers</u>	9
<u>5.4.1. Tool of Trade (TOT) & Company Vehicles</u>	9
<u>5.4.2. Novated Lease Vehicles & Vehicle Allowances</u>	9
<u>5.5. Fuel Cards</u>	9
<u>5.5.1. Tool of Trade (TOT), Company & Novated Vehicles</u>	9
<u>5.5.2. Vehicle Allowances</u>	10
<u>5.6. Maintenance</u>	10
<u>5.7. Insurance Claims</u>	10
<u>5.8. Use of Vehicles while on Leave</u>	10
<u>5.8.1. Tool of Trade (TOT) & Company Vehicles</u>	10
<u>Procedures</u>	11
<u>TRV Arrangements</u>	11
<u>Pool Car Procedures</u>	11
<u>REVISION HISTORY</u>	12

PURPOSE

1. Why does this Policy exist?

Racing Queensland Limited (RQL) recognises that to attract and retain skilled people, remuneration packages must be competitive and flexible.

This policy details the concept of total remuneration value (TRV). RQL takes a flexible approach to the structuring of the TRV and allows employees to determine how they will receive their remuneration. Employees will be permitted to structure their TRV in accordance with this policy.

RQL calculates employees' remuneration according to total remuneration value (TRV), i.e. a flexible salary package that allows the employee to determine, within policy, how they will receive their remuneration. TRV may include a motor vehicle in accordance with this policy and RQL's Remuneration Policy.

This document outlines the Racing Queensland Limited Policy for motor vehicles in the following areas:

- What options are available to Employees;
- How vehicles are acquired & disposed of;
- How vehicles are to be cared for & maintained;
- How vehicles will be assigned to Employees; &
- What responsibilities drivers have when using motor vehicles.

SCOPE

2. Where does this Policy apply?

This Policy applies to all Racing Queensland Limited employees, although casual employees will not have vehicles allocated to them or have access to other packaging arrangements as outlined below. It does not apply to Directors of the Company or Independent Contractors.

3. The Transition to this New Policy

Due to existing lease commitments, etc., the transition from the previous Motor Vehicle Policy to this new Policy may take some time to fully implement. With this in mind, the provisions of this Policy relating to vehicles that may have been assigned previously will remain in place until the relevant vehicles' leases expire.

When a current vehicle lease ends, Employees who may no longer be eligible to be assigned a 'Tool of Trade' Company Motor Vehicle may be offered the option of either entering into a novated lease arrangement for a motor vehicle, or receiving an appropriate Car Allowance.

It should be noted however that a novated lease arrangement or car allowance must be packaged into an Employee's remuneration in such a manner as to not exceed the employee's 'Total Remuneration Value' (TRV). For information on TRV, please refer to the Racing Queensland Limited Remuneration Policy.

4. What options are available to include a motor vehicle in remuneration?

When a motor vehicle is included in an Employee's remuneration, it will have a value associated with it which will include any 'fringe benefits tax' (FBT) payable when the vehicle is included in remuneration.

A motor vehicle can be 'packaged' into remuneration in one of 3 ways:

- A 'company vehicle' provided for certain positions; or
- A 'novated lease' of a motor vehicle; or
- As a 'vehicle allowance'.

Some employees may be provided with a 'Tool of Trade' (TOT) motor vehicle. The value of the use of that vehicle is not taken into account when calculating the employee's TRV.

DEFINITIONS

Total Remuneration Value (TRV): the total remuneration package of an employee, which incorporates base salary, superannuation and all salary packaging arrangements.

Fringe Benefits Tax (FBT): the tax payable by RQL on some categories of benefits provided to employees.

4.1. 'Tool of Trade' (TOT) Motor Vehicles

As the name of this option suggests, 'tool of trade' (TOT) vehicles are vehicles provided by the Company to enable an Employee to undertake their role. TOT vehicles are chosen according to guidelines issued by the 'Australian Taxation Office' (ATO) which list 'fringe benefits tax' (FBT) exempt vehicle types, makes & models. The value of the use of a TOT vehicle is not taken into account when calculating the employee's TRV.

Generally, TOT vehicles will be allocated to an Employee when:

- The position of the Employee requires the use of a vehicle during working hours as an integral part of the position (i.e. the position may not effectively & efficiently be undertaken without the permanent allocation of a vehicle);
- Demand for a vehicle cannot reasonably be met from 'pool vehicles'; &
- Not having an allocated vehicle will inherently affect the ability or efficiency of the role to be carried out.

In most instances, TOT vehicles can be used by the Employee for reasonable private use if specifically allocated to the employee. Pool vehicles cannot be used for any private use. As TOT vehicles are primarily provided for business purposes, the specifications of a TOT vehicle & accessories/options included with the motor vehicle are to ensure that it can carry out work requirements. Unlike vehicles used by Employees which are under a novated lease, (see 4.1.2 below), TOT vehicle specifications will be completely at the Company's discretion.

IF a TOT vehicle is allocated to an Employee whose employment ends, the vehicle remains with the Company and will be reallocated. Employees with use of a TOT vehicle should also note that their allocated vehicle may be changed from time to time by the Company so as to (for example) ensure the best use of the Company fleet from a financial &/or a operational perspective.

- Employees using a TOT vehicle may be required to complete a log book for the vehicle allocated to them or used by them from time to time;
- The acquisition, delivery, maintenance and changeover of TOT vehicles are managed for the Company by 'SG Fleet' & Employees are expected to comply with all requirements in this regard.
- 'Changeovers' of TOT vehicles are typically every 3 years.
- Drivers under the age of 25 who are spouses or children of employees are **NOT** authorised to drive a TOT vehicle.

4.2. Company Vehicles

For certain positions within the Company, typically management and Race Day related positions, the Company will provide a fully maintained vehicle to the Employee including a fuel card. A value for this vehicle will be included as part of the employee's 'total remuneration value' (TRV). The type and standard of vehicle provided will be limited to:

- Spare vehicles within the Company fleet; or
- Defined types of vehicles (refer to page 7) or
- As negotiated with an Employee which will then be outlined within their Employment Agreement/Contract of Employment.

If an Employee's employment ceases, the vehicle will be retained by the Company and reallocated to another Employee as soon as practical.

Where an Employee's remuneration includes a 'Company Vehicle' then the value of that vehicle will not be included in any termination entitlements or benefits when the Employee's employment ceases, whatever the reason.

4.3. Novated Leases

A novated lease arrangement of a motor vehicle is primarily a financial relationship between the Employee and the company through whom the vehicle is leased. When a novated lease is approved the Company (Racing Queensland Limited), agrees to pay the lease on the Employee's behalf while they remain an Employee of the company. The company through whom the vehicle is leased is determined by the Company (Racing Queensland Limited) - currently this is 'SG Lease'.

The cost of the lease to the Employee will be taken from the employee's TRV & covers all aspects of running the vehicle, including:

- Finance/monthly rental;
- Fuel (a fuel card will be provided by SG Lease);
- Insurance (compulsory third party & comprehensive);
- Maintenance (repairs & scheduled services etc.);
- Tyres;
- Registration;
- Fringe benefits tax (FBT)*;
- Membership of an automobile club (e.g. RACQ etc.)"; &
- Income protection insurance (to assist in the event an Employee's employment ceases with the Company other than if the simply resign)".

* - Racing Queensland Limited uses the 'statutory method' of calculating FBT. Where the FBT payable by the Company is more than that 'budgeted' for any one year (the FBT Year concludes on the 31" of March), then the Employee must reimburse the Company the difference within 2 months.

"- These items are optional.

Should the Employee's employment with the Company come to an end for any reason (including redundancy), the vehicle remains with the Employee who must then take on the personal responsibility for ongoing lease payments.

Any costs associated with any overspend of budgeted items or additional expenditure during or at the end of a novated lease are legally the Employee's responsibility to pay and not a responsibility of the Company. At the end of a novated lease, it is also the Employee's responsibility to pay to the leasing company the residual value of the vehicle. The vehicle is not simply returned to the lease provider.

'SG Lease' will assist an Employee in structuring the novated lease in such a manner as to make the arrangement as tax effective as possible (this may involve packaging components both before &/or after PAYG tax is calculated). However, it must be noted that a novated lease arrangement may not be tax effective for all Employees depending on the type of vehicle they choose &/or the kilometres they travel in the vehicle each year. It is strongly recommended that Employees seek professional financial advice before entering into a novated lease arrangement.

The type, model & accessories/options applied to the vehicle to be novated is at the discretion of the Employee, although if the vehicle is used to conduct Company business, the Company reserves its right to veto a choice of vehicle if the Company considers it an inappropriate choice to represent the Company.

An Employee is to contact the RQL payroll department for information regarding the transference of a novated lease. This will be dealt with on a case by case basis.

4.4. Vehicle Allowances

Where the role occupied by an Employee does not warrant a 'tool of trade vehicle' and a novated lease arrangement may not be viable/suitable, the Company may agree to pay the Employee a vehicle allowance which the employee could then apply towards a Novated Lease. The balance of the vehicle cost would then be paid by the employee. An Employee in a role which does warrant a 'tool of trade' (TOT) will not be paid a vehicle allowance instead of being allocated a TOT vehicle. If an employee is paid a vehicle allowance, that allowance will be taken from the employee's 'total remuneration value' (TRV).

Requests for inclusion of a vehicle allowance as part of an employee's remuneration are to be in the first instance forwarded to the Department Manager, who will involve the appropriate member(s) of the Executive Management Team before a decision is made to potentially implement such an arrangement.

Where a vehicle allowance is provided to an Employee:

- The allowance will be recorded separately to other benefits paid to the Employee on their periodic pay-advice/payslip (i.e. it will not simply be part of a base salary & will appear on the Employee's annual Payment Summary/Group Certificate);
- The required tax will be deducted & Superannuation added to the allowance in a manner which will not increase or reduce the TRV for the Employee;
- All running costs for the Employee's privately owned vehicle for business purposes, including insurances, registration, scheduled & unscheduled maintenance & repairs, fuel & tyres etc. are to be paid by the Employee (i.e. no further expense claims in relation to the vehicle are to be submitted by the Employee);
- The vehicle must be comprehensively insured & evidence must be provided to the Company that the insurance is in place & has been renewed when required;
- the Company reserves its right to veto a choice of vehicle if the Company considers it an inappropriate choice to represent the Company

- Any additional tax payments incurred by the Employee as a result of a claim being made regarding the motor vehicle within their annual tax return to the Australian Taxation Office (ATO) are at the Employee's expense.

POLICY – TOOL OF TRADE/COMPANY VEHICLES

Before reading this policy, it is important to read and understand the Remuneration Policy.

A company vehicle for eligible employees must:

- Be a standard (base) model available through RQL's vehicle supplier (currently SG Fleet), and
- Have either a four or six cylinder engine and be either a sedan or wagon.

Tool of Trade or Company motor vehicles will be standardised across the fleet, with the options of the following:

Category A. - \$12,000 Allowance value

- Toyota Camry
- Subaru Forrester X (base model), and
- Toyota RAV4 CW AWD (base model)
- Nissan X-Trail ST (base model).
- Honda Accord VTi (base model)

Category B. - \$15,000 Allowance value

- Toyota Aurion SX6 (base model)
- Holden Commodore (base model)
- Ford Falcon (base model)
- Subaru Forrester XS
- Toyota RAV4 CV6 (base model)
- Nissan X-Trail ST-L

The list of models is subject to change at the discretion of the RQL, including if a manufacturer ceases to make any of the above models.

- NOT be a four wheel drive vehicle or a non sedan / non station wagon vehicle, unless such a vehicle is a genuine occupational requirement and is approved by either the Chief Executive Officer and Chief Financial Officer. These four wheel drive vehicles are subject to \$15,000+ salary package as part of the TRV:-

- Toyota Hilux 4X4 ,
- Nissan Navara 4X4,
- KIA Carnival VQ,
- Toyota Tarago GLi.

These vehicles are to be leased through lease provider SGFleet under the following arrangements:

- the leasing of a new vehicle must be approved by the Chief Executive Officer and/or Chief Financial Officer
- The type and model of the vehicle, and any optional extras, must be commensurate with the status and nature of the role performed by the employee for which the car is being

acquired, and be in accordance with the entitlements the employee has under their contract of employment

- All vehicles are to be selected from base models and to have a standard extras / accessories list, with additional extras / accessories or vehicle models to be approved by either the Chief Executive Officer and the Chief Financial Officer, and

Standard Accessories list;

- Air Conditioning
 - Tow Bar
 - Window Tinting
 - Floor Mats
 - Cargo Barrier (where necessary)
 - Driving Lights (where necessary)
- All vehicles are to be replaced after **three (3) years**, or a shorter period if the kilometres are exceptionally high due to work related travel. The Chief Executive Officer or Chief Financial Officer will advise where this is to occur.

5. General Matters

5.1. Drivers' Licences

Regardless of whether a vehicle has been packaged into an Employee's remuneration as a TOT vehicle, a Company vehicle, a novated lease or as a vehicle allowance, under no circumstances is an Employee ever to drive a vehicle unlicensed. To do so may not only expose the Employee to legal risks, but also the Company. Doing so will also typically void any insurance coverage applicable to the vehicle.

Employees who do not have a vehicle packaged into their remuneration, but who drive a Company owned or leased vehicle, must also never do so unlicensed as the same issues as covered in the previous paragraph still apply.

Should an Employee with a packaged vehicle lose their license or have restrictions placed on it, they must immediately advise the Company in writing.

5.2. Using Privately Owned Vehicles for Business Purposes

Where an Employee who does not have a packaged vehicle is required to travel for business purposes, every reasonable effort must be made to use a Company owned or leased vehicle to do so before using their own privately owned vehicle. Where no Company vehicle is available, and authorisation has been given by the appropriate General Manager for an Employee to use their own vehicle for business purposes on a particular occasion, agreement may be reached for the Employee to claim back expenses on a per kilometre basis as per the Expense Reimbursement Policy.

5.3. Infringement Notices

Under no circumstances will the Company pay for any infringements/fines regardless of whether they were incurred while conducting business. Examples would be (but are not limited to):

- Parking tickets
- Unpaid tolls

- Red-light camera fines
- Speeding fines

If an Employee commits a number of infringements that the Company considers indicates that their driving skills are inadequate or mean a danger to themselves or others, or means potential damage to the reputation of the Company, disciplinary action may be taken and the Company may request that the Employee follow other steps such as undertaking at their own expense, (for example) a defensive driving course.

5.4. Other Drivers

5.4.1. Tool of Trade (TOT) & Company Vehicles

Employees with an allocated TOT or Company vehicle should ensure at all times that only appropriately licensed drivers use the vehicle.

- The spouse or de facto partner of an Employee with an allocated TOT or Company vehicle is permitted to drive the vehicle.
- Licensed children of the Employee or their spouse/partner are permitted to drive the vehicle, but only when the Employee is travelling in the vehicle at the same time (e.g. as the 'designated driver'). Under no circumstances are the Employee's children or their spouses' children permitted to use the vehicle for social purposes.
- TOT or Company vehicles are never to be used to teach anyone how to drive.
- Employees with an allocated TOT or Company vehicle are to make the vehicle available for other employees to use for business purposes when they may not be using the vehicle.

5.4.2. Novated Lease Vehicles & Vehicle Allowances

An Employee with a novated vehicle or who has a vehicle paid for partly or wholly by a vehicle allowance:

- Can permit anyone to use their vehicle for any purpose (as the vehicle is leased, registered & insured in the Employee's name);
- Is not obligated to automatically allow another Employee to use their vehicle for business purposes.

5.5. Fuel Cards

5.5.1. Tool of Trade (TOT), Company & Novated Vehicles

Where a fuel card has been issued for a TOT, Company or novated vehicle:

- The fuel card only must be used for fuel (i.e. do not use credit cards or cash etc.);
- The vehicle is to be completely filled each time fuel is obtained (i.e. no partial fills);
- An odometer reading must be provided every time the vehicle is filled;
- Under no circumstances is a fuel card to be used for any other vehicle other than for the vehicle it is provided for (this includes rental vehicles the Employee may use when travelling); &
- The fuel card is not to be kept in the vehicle.
- All transaction chits are to be retained and given to the Accounts Payable Officer when requested to allow monthly accounts from the fuel supplier to be reconciled; and
- When a vehicle is due for replacement, the corresponding fuel card is to be returned to the Chief Financial Officer for destruction.

5.5.2. Vehicle Allowances

The Company does not issue fuel cards for vehicles used by an Employee who is being paid a vehicle allowance.

5.6. Maintenance

It is the allocated driver's responsibility to:

- Ensure that all scheduled & recommended maintenance & services are carried out when they are due; &
- Keep the vehicle clean & tidy (the cost of washing & detailing a vehicle is the Employee's responsibility & is not to be claimed back as an expense).

5.7. Insurance Claims

For vehicles leased through 'SG Fleet' (TOT, Company or novated vehicles), in the event of an incident/accident where a claim is required, the driver is to contact 'SG Fleet' who will advise them of the process. Under no circumstances is a driver to admit liability or fault in any verbal or written exchanges between parties involved in an incident/accident or insurance claim.

The driver of a novated leased vehicle is required to pay the cost of any excess incurred as a result of an insurance claim.

Employees receiving a vehicle allowance as already stated above are to ensure the vehicle is comprehensively insured. All insurance arrangements & associated costs are the driver's responsibility.

Employees who have an incident/accident while using their privately owned vehicle (preauthorised as outlined above) for business purposes and which requires repair or an insurance claim, must meet all costs themselves associated with the matter. The Company will not be held responsible for any increase in premiums which may result (e.g. loss of a 'no claim bonus').

5.8. Use of Vehicles while on Leave

5.8.1. Tool of Trade (TOT) & Company Vehicles

Employees with allocated TOT or Company vehicles are not automatically entitled to use the vehicle while on annual leave or long service leave. The Company may require the vehicle for other operational reasons or it may be considered that the extent of driving anticipated while the Employee is on leave is excessive. Even where the Employee is permitted to use the vehicle while on leave, the Company may require that the fuel card for the vehicle not be used.

Disposal of Company owned/Leased vehicles

On disposal of company-owned vehicles, three trade-in quotes must be obtained, where possible, with the highest trade-in valuation the key consideration in selecting the successful dealer. RQL employees may be given the option to purchase the vehicle that is being traded, at no less than \$1 more than the best trade-in valuation. The Chief Executive Officer or the Chief Financial Officer will determine the successful employee bidder in the event of two or more employees bidding for the same vehicle being traded.

Vehicles supplied under the SGFleet facility are available for purchase at lease end. Please contact the Chief Financial Officer who will be able to attain a price for the surrendered vehicle.

RQL encourages employees who are considering including a motor vehicle as part of their salary package to seek their own financial advice.

Procedures

TRV ARRANGEMENTS

- 1.1 The TRV arrangements that apply to employees are detailed in the Remuneration Policy. It is essential that the Remuneration Policy be read in conjunction with this policy.
- 1.2 Employees wishing to include a motor vehicle as part of their salary package should indicate this preference on the TRV Election Form (available within the Remuneration Policy).

Pool Car Procedures

1. All pool cars must be booked through the car booking register located in public folders on Microsoft outlook and must be booked in advance. Each pool car has an individual booking register to avoid confusion.

Pool cars are **not** to be taken without a booking. Bookings can not be made if all cars are already booked. Staff booking pool cars should coordinate with one another to determine the most efficient use of vehicles and if priority is required. Bookings should be updated accordingly with any changes. The location of the folder is:-

outlook:\\Public Folders\\All Public Folders\\Car Booking

2. At least one (1) pool car must be available for the stewards on a race day where they have a standard booking. Stewards must liaise with the Executive Assistant of Integrity Operations who is responsible for maintaining all of their booking requirements.
3. The time in and out and destination must be completed in Microsoft outlook.
4. Keys for motor vehicles will be issued and returned to the Reception desk. Reception will be under instruction not to issue keys unless a booking for the vehicle has been entered into the Microsoft outlook booking sheet.
5. The log out book must be signed when taking keys and only after the booking has been made using the Microsoft Outlook folder.
6. All pool cars have a log book which must be completed with the purpose of the journey, driver and the mileage start and end. Be sure to clearly identify the purpose as it is a requirement of the Australian Tax Office. Simply writing 'Business' is not sufficient.
7. It is the responsibility of the driver to check the fuel and oil, and to ensure that the car is returned in a clean and acceptable manner.
8. When the fuel card is used to fill the car all receipts must be signed, and returned to the finance accounts payable officer. Please, where possible, use Caltex/Woolworths as first option.

9. All vehicle incidents must be reported to Reception Desk staff who must liaise with the accounts payable officers and report the incident to the employee's manager, and ensure a motor vehicle insurance claim form is completed.

REVISION HISTORY

Revision	Date	Description of Changes	Author
01.00	1/02/2011	New Policy	Finance

CASH MANAGEMENT AND INVESTMENT POLICY

Owner

Finance Department

Stakeholders

Corporate Wide

Revision History

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	November 2010	First draft (Adam Carter)
1.02	October 2011	2 nd Draft following Audit Committee feedback
1.03	4 th November 2011	Approved by RQL Board



CASH MANAGEMENT AND INVESTMENT POLICY:

RACING QUEENSLAND LIMITED

Introduction

This policy has been prepared to provide guidelines and procedures to be followed by officers of Racing Queensland Limited (RQL) when undertaking and managing cash management and investment activities to meet the organisation's operational requirements and also meet the objectives of the policy.

Racing Queensland Limited is the Control Body established by, and obtaining its objects and functions from, the *Racing Act 2002* and its Constitution. Racing Queensland Limited is required to conduct its financial activities with probity and accountability, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC.

1 Objectives

The objectives of this policy are:-

- This Cash Management Policy has been developed in order to safeguard the management of consolidated cash balances and ensure accurate and timely receipt of information affecting RQL cash flows:
- To invest RQL funds not immediately required for financial commitments:
- To maximise the investment return on cash balances, reserves and restricted funds, in an economic and efficient manner, subject to an overriding commitment to financial prudence in managing investment funds, and in accordance with approved investment criteria.
- To ensure that appropriate records are kept and that adequate internal controls are in place to safeguard monies.
- To assess the cash necessary to meet daily obligations and ensure adequate funds are available.
- To detail the authority delegated by RQL; and
- To provide guidelines for the composition of general funds' investments.

2. Scope

This policy applies to RQL and all entities RQL provides an accounting service to, the Audit, Finance and Risk Committee, Investment Managers appointed to manage funds on behalf of RQL, Investment Consultants appointed to provide expert and independent advice in regard to investment strategy and management, and the Chief Financial Officer.

3. Actions of the objectives

The Chief Financial Officer and the Finance department are responsible for the movement of funds between bank accounts maintained by RQL. This includes, but is not limited to:

- Initiating all electronic transfer of funds for general business purposes of RQL.
- Establishing the daily cash position of RQL.
- Appropriately funding disbursement accounts for RQL obligations.
- Moving depository funds for investment purposes for RQL.

Efficient cash management strategies, techniques, and procedures shall be used to increase the productivity of cash flows while achieving the following objectives:

- Liquidity – maintaining the ability to pay obligations when they become due.
- Cash Optimisation – establishing systems and procedures that help minimise investment in non-earning cash resources while providing adequate liquidity.
- Financing – obtaining both short- and long-term borrowed funds in a timely manner at an acceptable cost.
- Financial Risk Management - monitoring and assisting in the control of RQL's exposure to interest rates, foreign exchange, and other financial risks.
- Coordination - ensuring that cash management goals are communicated and integrated with the strategic objectives and policy decisions of other areas of RQL that have an impact on cash flows.

Bank Accounts

Approved bank accounts are with National Australia Bank for RQL operational purposes and a mixture of NAB and Westpac for club purposes where RQL prepares the clubs accounts. Approval to change bank accounts requires RQL Board Approval.

Cash Flow Forecasts

A daily and monthly cash flow forecast for all accounts must be maintained and forecasts **must** be signed by both the preparer of the forecast and an appropriate authorising officer.

Cash Flow requirements must be obtained and provided by accounts payable, payroll, prizemoney, Tax and departments on a regular basis.

Cash Inflow

It is necessary to minimize the interval between the time when cash is received and the time it is available for carrying out expenditure programs. Collected revenues need to be processed promptly and made available for use. RQL officers must comply with the RQL credit policy.

Cash Outflow

RQL will only make payments on either a weekly basis or fortnightly basis and within the credit terms. Various departments must provide sufficient notice of large payments with the cut off being 48hrs prior to the payment run.

Payment dates will be communicated and posted on the RQL intranet. The default day is a Thursday.

All payments will be required to be authorised prior to accounts payable receiving the necessary invoice in line with the RQL Purchasing Policy and within the approved budget.

Capital and Project Expenditure

All Capital expenditure and project expenditure must be approved prior and sufficient notice of at least 48 hours must be provided to finance to allow funds to be drawn down from investments. If sufficient notice is not provided, payments will be made in the following week's payment run.

Capital and project expenditure will not be approved unless it has been approved and is the budget and for all Infrastructure projects no payments will be made from RQL operational cash flow until the business case has been approved by Treasury. Finance will require a forecasted cash flow from the Project Director of the Infrastructure plan to assist with cash flow requirements.

Adhoc payments will only be authorised by either the Chief Financial Officer or Management Accountant.

4. Definitions and Acronyms

Investment Manager	The term Investment Manager used in this policy refers to any Company appointed by RQL to manage funds on behalf of RQL. Investments are structured to meet the RQL's liquidity and return on investment requirements. The Investment Managers invest in short and long term investments in accordance with this investment policy.
Pooled Managed Funds	The term Pooled Managed Funds refers to investments in any pooled investment vehicle (e.g. a Unit Trust).

5. Policy Owner

As the Board of RQL approves the policy on the recommendation of the Audit, Finance and Risk Committee, it is the policy owner.

6. Policy Provisions

6.1 Authority Delegated by RQL Board

RQL Board delegates authority as follows:

Audit, Finance and Risk Committee is authorised to appoint one or more Investment Managers to manage funds on behalf of RQL, and an investment consultant to provide expert and independent advice in regard to investment strategy and management;

Investment Managers are authorised to invest in securities as defined in this policy subject to:

- (a) the conditions of the agreement signed between RQL and the Investment Manager;
- (b) the specific directions by the Chief Financial Officer concerning RQL liquidity requirements; and
- (c) monthly/quarterly review of performance by the Audit, Finance and Risk Committee

The Audit, Finance and Risk Committee will determine the level of assets to be held from time to time, on the advice of the Investment Consultant and advise RQL with respect to investment management issues;

The Chief Financial Officer is authorised to re-invest surplus funds, subject to the provisions of this Investment Policy; and

The Chief Financial Officer is authorised to withdraw invested funds to the extent necessary to meet RQL liquidity requirements.

The Chief Financial Officer is authorised to withdraw and re-invest funds to the extent necessary to implement written advice from the Investment Consultant, provided that the asset allocation to individual sectors remains within the ranges specified in this policy.

The Chief Financial Officer must report to Audit, Finance and Risk Committee any withdrawal or re-investment made under clause 6.

The Chief Financial Officer is authorised to amend the benchmark index and schedules A & B of this policy to reflect minuted decisions made by Audit, Finance and Risk Committee.

Identification of Surplus Funds

A cash flow budget of RQL's incomings and outgoings is to be utilised to identify surplus cash and the length of time able to be invested. This information will be used to determine the type of investment to be utilised and the required maturity date.

6.2 Composition of Investment Funds

6.2.1 Treasury Funds

The default fund for all investments is Queensland Treasury Corporation (QTC). The QTC Funds comprise operating funds or treasury funds which should be managed in a risk adverse manner. The basis for investment of these funds is that a loss of capital over a financial year would be undesirable.

Treasury Funds are managed on a twelve month investment horizon. The investment objectives for the Treasury Funds are:

- to produce a positive after fees return over each financial year; and
- to achieve, over rolling three year periods, an average after fees annual return that is at least equal to the benchmark return specified below.

Benchmark	Weighting
	%
UBS Australia Bank Bill Index	100

The management is undertaken in a manner that minimises the risk of the investment producing a negative return over any financial year. Whilst this is the investment objective, it is recognised that in extreme market conditions, a negative return is possible.

Consistent with the nature of the funds and the investment objectives, the Treasury Funds will be invested in at call deposits with Queensland Treasury Corporation (QTC). Short-term deposits will be invested with the Queensland Treasury Corporation or Bank Accepted Bills.

6.2.2 Investment Funds

Investment Funds comprise all funds other than Trust Funds.

When placing investments, consideration will be given to the relationship between credit rating and interest rate. A longer-term investment horizon applies to these funds, with an objective to obtain a rate of return that is 2% above the rate of Headline CPI. Despite this objective, and although based on projected cash flows, a decline in market value in any one year should not be a major concern. Indeed strict adherence to this objective would unduly limit the ability of the fund to invest in more growth oriented assets.

The Investment Funds are held to meet capital and/or club capital works contributions, projects, prizemoney initiatives and emerging liabilities. As a result the investment horizon is a longer-term horizon.

The investment objectives for the Investment Funds are:

over rolling three year periods, achieve an average annual after fees return at least equal to the average increase in Headline CPI plus 2%; and

over rolling three year periods, achieve an average before fees annual return that is at least equal to the benchmark return as specified below.

The amount invested with financial institutions (banks, credit unions and building societies) or managed funds should not exceed the following percentage of funds invested at any time.

Long Term Rating (Standard and Poor's)	Short Term rating (Standard and Poor's)	Maximum Percentage Of Total Investments	Maximum Percentage with one Institution
AAA TO AA-	A1+	100%	50%
A+ to A-	A1	50%	30%
BBB+ to BBB-	A2	25%	10%
BB+ to D	-	Nil	Nil

Quotations on investments

1. The default fund for all investments is Queensland Treasury Corporation (QTC)
2. Not less than 3 quotations should be obtained from authorised institutions for term deposits whenever an investment is proposed. The best quote of the day will be successful after allowing administrative and banking costs.

Term to Maturity

The term to maturity of any RQL investment may range from "at call" to one (1) year

Investments with Fund Managers should fall within the guidelines laid out under the authorised Investments in this policy. The preferred suppliers will be required to be authorised by the Audit Finance and Risk Committee.

An example is detailed below:-

Sector	Benchmark Index	Portfolio Weighting %
Australian Shares	S&P ASX 300 Accumulation Index	15 - 40
Overseas Shares	MSCI Accumulation Index (ex Australia) (50% currency hedged) in AUD	15 - 30
Direct Property	Mercer Direct Property Index	5 - 14
Australian Listed Property	S&P ASX 300 Listed Property Trust Accumulation Index	1 - 2
Global Listed Property	FTSE EPRA/NAREIT Global Real Estate Index (hedged)+	1 - 2
Australian Fixed Interest	UBS Australia Composite Bond Index (all series, all maturities)	5 - 14
International Fixed Interest	Citigroup World Government Bond Index – ex Australia, Hedged into AUD	5 - 13
Australian & International Cash & cash equivalents	UBS Australia Bank Bill Index	1 - 5
Absolute Return	UBS Australia Bank Bill Index	10 - 15

Over rolling three year periods, achieve an average after fees annual return that is at least equal to the return on the UBS Bank Bill index.

To limit the probability of a negative return to be no more than 1 in every 7 years.

6.3 Approved Investments

All investments are to be conservative and are to be at call/term deposits with QTC or a bank with a long term rating greater than A+. All investments other than this require the approval of the Audit, Finance and Risk Committee.

Investments approved by the Audit, Finance and Risk Committee are shown below:-

- Deposits with a financial institution with a long term rating of greater than A+
- Investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a state or financial institution:
- Investment with QTC cash fund

The investment must be at call or for a fixed time of not more than 1 year.

7. Responsibilities

Implementation	Audit, Finance and Risk Committee
Compliance	The Audit, Finance and Risk Committee, Investment Managers, Investment Consultants and the Chief Financial Officer
Monitoring and Evaluation	Audit, Finance and Risk Committee
Development and/or Review	Audit, Finance and Risk Committee
Interpretation and Advice	The Audit, Finance and Risk Committee are responsible for interpreting and advising the RQL board on the policy.

Delegations

All investments are to be authorised by a duly delegated officer. All documentation to be signed off by a minimum of two officers, one must include the Chief Financial Officer or Management Accountant and one other. These delegation limits are as follows:

Over \$10,000,000

- Board of Directors – Audit, Finance and Risk Committee

Up to \$10,000,000

- Chief Executive Officer
- Chief Financial Officer
- Management Accountant

Up to \$1,000,000

- Accountant
- Senior Finance Officer
- Company Secretary
- Business Analyst

Note the default fund for monthly Tattsbet product fee payments is QTC and the above delegations apply when either moving funds from QTC or from existing investments.

Note club and joint venture investments will be invested as per the policy for the delegated officers and tabled in a service level agreement between RQL and with the club or joint venture.



CREDIT POLICY

Owner

Chief Financial Officer

Stakeholders

Organisation Wide

Revision History

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	6 May 2010	First Draft
1.02	21 June 2010	Harness Comments, review AC
1.03	21 June 2010	Greyhounds feedback
1.04	22 June 2010	Review and Race Fields amendments AW - Review AC
1.04	22 June 2010	Review S Murray and review AC – Final to Board
1.05	1 July 2010	Approved by RQL Board



RACING
QUEENSLAND

CREDIT POLICY:

RQL

Introduction

Racing Queensland Limited (**RQL**) is the Control Body established by, and obtaining its objects and functions from, the *Racing Act 2002* and its Constitution. RQL is required to conduct its financial activities with probity and accountability, in accordance with the *Corporations Act 2001* (Cth), Australian Accounting Standards and Australian Equivalent to International Financial Reporting Standards A-IFRS and Australian Securities and Investment Commission- ASIC.

This policy has been prepared to provide guidelines to officers of RQL in relation to the management of debtors. Debtors for the purpose of this policy include any person/body that incurs a debt to RQL or any of its authorised Racing Clubs.

Policy

This policy sets out industry policy on the standards expected of licence holders, owners, and race club officials responsible for the payment of amounts owed to RQL. It also addresses the manner in which RQL will enforce these standards.

The desired outcome is the timely payment of outstanding amounts owed to RQL.

The specific objectives of this policy are to:

- ❑ Establish credit terms in relation to the payment of amounts owing to RQL.
- ❑ Establish a standard protocol for the recovery of outstanding amounts to ensure a consistent approach to debt collection.
- ❑ Authorise RQL to place persons on the Nomination Exclusion List. Specifically to prevent Licensed Thoroughbred Trainers with monies that remain outstanding for a period longer than eight weeks after the invoice date from nominating or accepting for any race conducted in Queensland.
- ❑ Authorise RQL to place persons on the Forfeit List. The Forfeit List is a list that is maintained by RQL under:

Thoroughbred

- Governed by Australian Rules (**AR**) of Racing 75.
- Whilst an individual is on the Forfeit List they are subject to the same disabilities and penalties as are declared by AR182 to apply to persons who are disqualified.
- **Harness**
 - Governed by Australian Harness Racing Rules – Rule 291 – 296.

- Whilst an individual is on the Forfeit List they are subject to the same disabilities and penalties as are declared by Australian Harness Racing Rule 259 to apply to persons who are disqualified.
- **Greyhounds**
 - Governed by Rules of Greyhound racing of Queensland Incorporating Greyhounds Australasia Rules and Queensland Local Rules – Rule 96 – 98.
 - Unless determined otherwise by the governing authority disqualified or suspended individuals are subject to the same disabilities and penalties as declared by LR26 (QLD).
- Authorise RQL to pursue and recover funds from clients classed as a 'Licensed Wagering Operator'.
 - Governed by the *Racing Act 2002 (Qld)* (**Act**) and regulations, race information legislation.
 - Please refer to the *Act as amended Ch3 part 6 (Racing Amendment Act 2008 (Qld)) and Racing Amendment Regulation (No 1) 2009*.

Credit Terms

The approved credit terms for all clients that are classed as a 'debtor' are strictly **one calendar month or 30 days from the date of the invoice which includes Harness and Greyhounds stakeholders**.

The approved credit terms for all clients which are classed as a 'licensed thoroughbred trainer' are **two calendar months or 60 days from the date of the invoice**.

The approved credit terms for all clients which are classed as a 'Licensed Wagering Operator' are payable by the **21st day of the month following the month** to which the Race Information Fee relates.

Exception to the terms:

- In accordance with the direction from the Chief Steward and/or Director of Integrity Operations in relation to fines and other penalties.
- On approval of application for extended payment terms by the appropriate delegate (Departmental Manager, Accountant – for Centralised Prizemoney System invoicing)

In order to ensure that 'Debtors' and 'Trainers' are aware of these terms the following measures should be implemented:

- Acceptance and copy of RQL's credit terms to be included within licensing renewal applications.
- If an extension is granted by the appropriate delegate these terms should also be clearly detailed on the relevant paperwork.
- An education program that is facilitated via the RQL Website and the RQL Magazine should regularly remind 'debtors' about our credit terms.

Disputed Invoices

When an invoice amount is disputed by the debtor, a request for further information is forwarded to the department, which requested the invoice to be raised. If it transpires that an invoicing error was made, then a credit note is raised and a second invoice or adjustment note is issued if required.

Invoice Cancellation

Invoices may only be cancelled before they have been issued to the debtor. Once an invoice has been dispatched it may only be amended by a credit or adjustment note.

Credit/Adjustment Notes

A Credit/Adjustment Note may be raised with if the supply of goods or services was incomplete, or for example, if the invoice unit pricing was incorrect. Credit notes require the approval of an appropriately delegated officer within RQL which authorised the invoice to be raised. A Credit Note Request form must be completed and forwarded to the Accountant – Receivables together with all relevant supporting documentation, such as:

- a record of the return of goods or services;
- a record of a reduction in the value of an invoice raised and the reason; and
- a record of foreign currency conversion differences.

Referral to Debt Collection Agency

Debt is to be referred to a debt collection agency only once RQL's recovery process has been exhausted and the debt remains outstanding. Once the debt has been referred to the credit agency, RQL accepts that commission will be deducted on any referred debt that is recovered. This will be partly offset by the reduction in time and overheads associated with continued in house debt recovery.

Exception:

For clients that are authorised to use Queensland Race Information, recovery of debt could result in:

- removal of the Wagering Operators authority
- cease of supply of Queensland race information
- civil action, and
- notifying the Office of Racing of failure to comply with the authority issued.

Debts that are Non Recoverable

The decision to recommend the write off of a bad debt is made by the Chief Financial Officer, only under the following conditions:

- The non recovery has been authorised by an Act (e.g. Bankruptcy Act); or
- The Chief Financial Officer is satisfied that the debt is not legally recoverable; or
- The Chief Financial Officer considers that it is not economical to pursue recovery of the debt.

When the recovery of a debt would leave RQL financially worse off than it would have been had recovery not been undertaken, then the debt could be regarded as uneconomical to pursue and the debt could be recommended for write off.

Approval of Write Off of Bad Debts

The Chief Financial Officer may recommend that an invoice is written-off if debt recovery action has failed and the debt is considered highly unlikely to be recovered. In such cases Finance will advise the department or cost centre originating the invoice.

The delegated authorities for write-offs, as set below, are:

Delegate	Financial Limit (per event)
Finance and Business Manager	Up to \$1,000 (not transferable)
Chief Financial Officer	Up to \$2,500 (not transferable)
CEO	Up to \$5,000 (not transferable)
Audit Committee	Over \$5,000

Proposed write-offs are compiled and reviewed by the Chief Financial Officer. The Audit Committee is then requested to recommend to the Board that the proposed write-offs be approved. Write-off transactions are processed only following Audit Committee/Board approval, for debts over to \$2,000 per event. All bad debts are written back against the originating cost centre to cancel the original income entry. Should the amount later be recovered, the payment is allocated to the original invoice and the income adjusted to the Miscellaneous Income Account.

If a debt that was initiated by a Department/Cost Centre is written off, the amount is charged to that Department's/Cost Centre's account as bad debt expenses.

After a debt has been written off, consideration must be given to whether or not further provision of credit will be granted and whether the debt should be listed on the Forfeit List. This listing will remain on the debtors credit file for a period of five years and may affect their future credit applications anywhere in Australia.

Solicitor Fees

Fees paid by RQL to the Solicitor for debt recovery work (e.g. issuing letters of demand) will be charged to the Finance operating account.

Following consultation with the relevant Department, if legal proceedings are commenced, then all further legal costs will be charged to the nominated account specified on the invoice request form.

In circumstances where full recovery (including reimbursement of legal costs) has been received, the reimbursement of legal costs will be credited in the nominated account.

Payment by Debtor

Any invoice payment sent by a debtor to a Department or RQL is to be immediately forwarded to Finance for processing. The relevant Officer must ensure that the invoice number to which the payment relates is clearly identified.

Refund of an Overpayment

Where invoices have been overpaid, a refund (including any applicable GST) is to be processed promptly.

Minor credit accounts (e.g. less than \$20) are not normally refunded unless requested by a client. The refund of these amounts is uneconomical.

Larger credit accounts are referred to the Department concerned to ascertain whether the client in question is likely to receive further services from the RQL. If so the overpayment maybe offset against further charges, otherwise a refund will be issued.

If a refund cannot be made to a client for any reason, then application is to be made to the Chief Financial Officer to transfer the credit amount to central RQL funds.

Dishonoured Cheques

When a cheque has been applied against a debtor's invoice in the RQL Financial System and this is subsequently dishonoured by the bank, the allocation of the payment is reversed to re-establish the debt and a dishonour fee is charged to the debtor. Notification is sent to the debtor and if required recovery action on the outstanding debt then recommences.

Roles and Responsibilities

The Chief Financial Officer is responsible for:

- Establishing procedural guidelines for RQL for the management of debts owing to RQL.
- Establishing a credible system for the collection of outstanding amounts
- Establishing and maintaining record-keeping procedures that protect confidentiality of information and protect the privacy of individuals concerned
- Monitoring the implementation and adherence of this policy
- Promoting awareness among industry participants of their financial obligations to RQL and to other industry stakeholders
- Compilation of end of year Provision for Bad and Doubtful Debts.

RQL Finance Department is responsible for:

Thoroughbred Licensed Trainers:

- The maintenance of the Nomination Exclusion List – including all tasks relating to its compilation – for all trainers that have debts owing eight weeks after the invoice date.
- Trainers should be issued reminder letters for debts that remain unpaid eight weeks after the invoice date to be followed by a phone call for debt that remains unpaid at nine weeks.
- For debts that remain outstanding for a period of more than ten weeks after the invoice date, second overdue letter issued notifying trainer of debt and referral to the nominated debt collection agency if the matter is not resolved within seven days.
- For debt that remains outstanding for a period of more than eleven weeks debt to be referred to the nominated debt collection agency.
- Once debt has been referred back to RQL from the debt collection agency as irrecoverable debt is to be detailed to Director of Integrity Operations for recommendation of inclusion of the Forfeit List. The maintenance of the Forfeit List is the responsibility of the Senior Finance Officer who must have all inclusions authorised by the Director of Integrity Operations. All further decisions and actions relating to the Forfeit List including enforcement of AR182 is the responsibility of the Director of Integrity Operations and its stewards. A letter notifying the trainer of inclusion on Forfeits list is issued. Debt is to be recommended to the appropriate delegate for write off as non-recoverable.
- In addition to the letters that are issued as detailed above, in the second week of each month a statement of account will be forwarded to all trainers.

Greyhound Licensed Trainers:

The control body is responsible for maintaining a List of Defaulters.

“**Defaulter**” means a person, declared by the Controlling Body or an authorised person to be a defaulter, who is in default in respect to the payment of any money payable to the Controlling Body or a club, including any prize monies directed to be returned to the relevant Controlling Body or club.

Clubs:

- Debtors other than trainers should be issued 1st overdue reminder letters for debts that remain unpaid six weeks after the invoice date.
- For debts that remain outstanding for a period of more than eight weeks after the invoice date, any amounts due to the Club is to be offset from the outstanding amounts.
- For debt that remains outstanding for a period of more than eleven weeks:
 - Debt to be referred to Director of Product Development
 - Second overdue letter sent
- Recommendation sent to Director of Product Development requesting review of allocation of race dates and authorisation for debt to be outsourced to debt collection agency.

All other debtors (excluding Thoroughbred Licensed Trainers, Clubs and Licensed Wagering Operators):

- Debtors other than trainers should be issued reminder letters for debts that remain unpaid six weeks after the invoice date.
- For debts that remain outstanding for a period of more than eight weeks after the invoice date, second overdue letter issued notifying trainer of debt and referral to the nominated debt collection agency if the matter is not resolved within seven days.
- For debt that remains outstanding for a period of more than eleven weeks debt to be referred to the nominated debt collection agency.
- Once debt has been referred back to RQL from the debt collection agency as irrecoverable debt is to be detailed to Director of Integrity Operations for recommendation of inclusion of the Forfeit List. The maintenance of the Forfeit List is the responsibility of the Senior Finance Officer who must have all inclusions authorised by the Director of Integrity Operations or Chief Steward. All further decisions and actions relating to the Forfeit List including enforcement of rule:
 - Thoroughbreds - AR182
 - Harness – Australian Harness Racing Rule 259
 - Greyhounds – GR 96 - GR103is the responsibility of the Director of Integrity Operations and its stewards. A letter notifying the trainer of inclusion on Forfeits list is issued. Debt is to be recommended to the appropriate delegate for write off as non-recoverable.
- In addition to the letters that are issued as detailed above, in the second week of each month a statement of account will be forwarded to all clients.

RQL Regional Staff/Stewards are responsible for:

- Assisting the Finance Department with the recovery of outstanding debts.
- This may include, but is not limited to, making personal contact with the relevant debtor to request payment. Other information including contact details could also be useful in assisting the Finance Team exhaust every avenue of collection before having to refer the debt to a collection agency.

RQL Legal and Compliance Department in conjunction with the Finance Department are responsible for:

- The follow up and recovery of debt incurred by holders of an Authority to use Queensland race information, as per the 7 step plan outlined to the Office of Racing:
 - Ongoing review of operators/bookmakers utilising Queensland race information
 - Send requests for applications and follow up thereof
 - Send reminders for provision of data
 - Send reminder letters for all outstanding data and debt at 30 days
 - Removal of authority letter for debt that remains outstanding
 - Notification to the Office of Racing for debt that remains outstanding and advise of actions previously undertaken, and
 - Civil action.

Procedures

Refer to the RQL debtor procedural manual for process, timelines and conditions for each class of debtor.

STANDARD CONTACT

- Send statements as per the designated timelines
- Issue letters as per the above timeline
- Any thoroughbred licensed trainers with restrictions on their use of the Trainers Service Centre (TSC) will contact Accounts Receivable to have the ban lifted
- Regional Offices

- ❑ Regular Invoices
- ❑ Racing Magazine and website –to remind about payment terms and options



RACING QUEENSLAND

GIFTS AND BENEFITS **Policy and Procedures**

Authorised By:	Remuneration and Nomination Sub-Committee	Date of Authorisation: 1 July 2010
Last Amendment Date:	16 November 2012	
Review Due Date:	31 March 2013	
Policy Owner:	Chief Financial Officer	
Related Documents:	<ul style="list-style-type: none">▪ Code of Conduct Policy▪ Workplace Health and Safety Policy▪ Payroll Policy▪ Grievance Handling Policy▪ Performance Counselling Policy▪ Overtime Form▪ Timesheets	<ul style="list-style-type: none">▪ Workplace Health and Safety Act 1995▪ Workplace Health and Safety Regulation 2008▪ Fair Work Act 2009

Any person who requires assistance in understanding this document should contact their manager.

INTRODUCTION

Being a Racing Queensland Limited (**RQL**) officer involves public trust. This means that duties must be carried out impartially and with integrity. Consequently, it is not appropriate for RQL officers to be offered or to accept or to give gifts and benefits that affect or may be likely to affect the performance of their official duties.

This gifts and benefits policy has been developed so that, if a gift or benefit is offered, there are proper guidelines for acceptance or rejection of the offer and procedures for disclosure in place. This policy should not be seen as encouraging the receipt of gifts and benefits. However, where circumstances require the acceptance of a gift or benefit, it must occur in line with this policy. This policy incorporates guidelines for the giving of gifts and benefits by officers of RQL.

The policy provides relevant principles, definitions, and procedures which should be used to guide ethical decision making when accepting or declining or giving or not giving gifts or benefits.

If a contact wishes to build a good relationship with RQL officers and vice versa, his or her efforts should be directed at providing better service or more competitive products to the agency rather than providing personal benefits. The cumulative effects or patterns of acceptance or giving of a number of offers to the same officer imply obligation by the officer to the donor or the donor to the officer.

If there is no benefit to RQL from giving or accepting a gift or benefit, it should not be given or accepted.

APPLICATION

This Gifts and Benefits Policy applies to the giving and receipt of gifts and benefits by all RQL employees and Board members.

SCOPE

This policy should be read in conjunction with the principles which concern the giving and receipt of gifts and benefits in other documents, namely:

- the *Public Sector Ethics Act 1994*,
- RQL's Code of Conduct,
- and
- the *Crime and Misconduct Act 2001*.

DEFINITIONS

1. The term "Gifts or Benefits" refers to items given and received by RQL officers in the course of official duties.
2. An "Intangible Gift or Benefit" is one with no lasting value.
3. A "Nominal Gift or Benefit" is one with a fair value of less than \$50.
4. A "RQL Officer" is any person employed by RQL and members of the Board of RQL.
5. A "Significant Gift or Benefit" is one with a fair value between \$50 and \$250.

6. A "Reportable Gift or Benefit" is a single gift or benefit with a fair value in excess of \$250 or each significant gift given to or received from the same donor in the course of a financial year where the aggregate value of those gifts is in excess of \$250.
7. "Register of Gifts" means the register established by RQL for the recording of all gifts and benefits..
8. "Industry Function" means an event staged by:
 - an entity licensed by RQL; or
 - a stakeholder of the Queensland thoroughbred, harness or greyhound racing industry.

POLICY PRINCIPLES & OBLIGATIONS

The following general principles and obligations are to be applied in relation to gifts and benefits:

1. RQL officers must at all times be mindful of their obligation to maintain and enhance public confidence in the integrity of racing and the proper management of the thoroughbred, harness and greyhound codes of racing in Queensland.
2. RQL officers must not ask for or encourage the giving of any form of gift or benefit in connection with the performance of official duties, including admission tickets to the races or club membership without the authority of the Chief Executive Officer.
3. Any gift or benefit, regardless of monetary value, accepted from an individual or organisation or given to an individual or organisation implies a relationship with that individual or organisation which is likely to interfere with objectivity and independence.
4. 'Public perception' is an important consideration and can be defined as 'the perception of a fair-minded person in possession of the facts.'
5. Officers can decline offers of gifts or benefits courteously by explaining that acceptance would be against agency policy and consequently that they have no discretion in the area.
6. An invitation to the races or to an Industry Function can only be accepted if:
 - RQL or the Queensland thoroughbred, harness or greyhound racing industries will benefit from the attendance of a RQL officer at the function;
 - the prior written approval of the Chief Executive Officer has been obtained;
 - RQL pays to the donor the cost of the benefit/gift; andThe attendance is recorded by RQL.
7. Receipt and giving of reportable gifts or benefits must be declared and recorded in the register. The register is to be subject to regular review. The reviewer must be independent and should communicate any results of the review to the Chief Executive Officer or the Audit Finance & Risk Committee. The purpose of such review should include analysis for trends or patterns which may cause concern and need corrective and preventative action.

POLICY FOR NON-ACCEPTANCE OR NOT GIVING

A gift or benefit may not be accepted or given if any of the following principles apply:

- it is intended—or is likely—to cause the recipient or donor to act in a partial manner in the course of their duties; or

- the donor or reasonable observer would apprehend that the recipient may be under obligation to the donor; or
- it is not offered openly; or
- it is an offer of money or anything readily convertible to money—eg. shares.

POLICY

Any gift accepted by a RQL Officer is the property of the RQL. The gift may be retained by RQL or RQL may allow the officer to retain the gift in accordance with this policy and procedure.

All gifts of cultural or historical value remain the property of RQL.

Giving and receipt of gifts and benefits must be in accordance with the principles for acceptance and non-acceptance of gifts or benefits contained in this policy and procedure.

If the aggregate value of multiple gifts or benefits received or given by a RQL officer from or to the same donor in any financial year exceeds \$250, each individual gift or benefit becomes a reportable gift or benefit.

An intangible gift or benefit which is also a reportable gift or benefit may be retained by the RQL officer to whom it was given only with the consent of the Chief Executive Officer of RQL.

These principles should be widely published and made generally available, particularly to those individuals or organisations likely to receive or offer gifts and benefits.

Agencies are to communicate the principles to all suppliers and potential suppliers.

PROCEDURES FOR ACCEPTANCE, NON-ACCEPTANCE, GIVING AND NOT GIVING GIFTS OR BENEFITS

Where a race club provides RQL with free admission tickets and/or membership tickets, the Chief Executive Officer will determine whether it is appropriate for an officer of RQL to accept this benefit.

The Chief Executive Officer will decide if and how the tickets are allocated based on the principle that the function is either part of a RQL officer's duties or that attendance of RQL officers at the function advances RQL's corporate plan.

Benefits negotiated when RQL sponsors a service, product or activity on its own (such as a marquee, or corporate box) do not have to be recorded in the register of gifts.

Nominal and Significant Gifts or Benefits

All principles for acceptance and non-acceptance must be adhered to.

The nature of the gift should be discussed with your line manager. Your line manager will discuss the appropriateness of acceptance of the gift or benefit with the Director of Integrity Operations. A decision is to be reached in line with the principles outlined in this policy, and the decision and reasons for it should be recorded in the register, including the reasons the acceptance or giving is of benefit to RQL and the RQL Industry.

The gifts or benefits may be:

- declined; or
- accepted and retained by the RQL officer upon approval by the Chief Executive Officer; or

- accepted and retained by RQL.

Significant gifts or benefits — including intangible gifts — whether received or given — are to be recorded in the register of gifts.

Reportable Gifts or Benefits

All principles for acceptance and giving and non-acceptance and not giving must be adhered to.

The nature of the gift should be discussed with your line manager. Your line manager will discuss the appropriateness of acceptance of the gift or benefit with the Chief Executive Officer. A decision is to be reached in line with the principles outlined above, and the decision and reasons for it should be recorded in the register, including the reasons why the acceptance is of benefit to the Queensland thoroughbred, harness and greyhound racing industries.

If the aggregate values of significant gifts or benefits received or given by a RQL officer from or to the same donor in any financial year exceed \$250, each gift or benefit becomes a reportable gift or benefit.

Reportable gifts or benefits received by a RQL officer must be dealt with as the property of the RQL. These may be used as RQL property and given as gifts, if appropriate, to persons other than RQL officers.

A reportable gift or benefit given to a RQL officer is the property of RQL. However, at the discretion of the Chief Executive Officer, the RQL officer may purchase the gift or benefit by paying to RQL the difference between the fair value of the reportable gift or benefit and the reportable gift or benefit threshold (currently \$250).

The Executive Assistant of RQL's Chief Executive Officer must keep a register of reportable and significant gifts or benefits made or received by RQL. The register is to include the following information:

- the date the gift or benefit was given or received;
- the persons involved in giving or receiving the gift or benefit;
- a description of the gift or benefit;
- the value of the gift;
- for gifts or benefits received by an officer — the decision about the destination of the gift; and
- the reason accepting or giving the gift is of benefit to the Queensland thoroughbred, harness and greyhound racing industries.

The register is to be available for inspection by members of the Board of RQL as required.

Intangible Gifts and Benefits

All principles of acceptance and non-acceptance, giving and not giving must be adhered to.

All intangible gifts and benefits must be recorded in the register of gifts.

Where an intangible gift or benefit is a reportable gift or benefit and the agency decides it is reasonable for an officer to accept the gift, there is no requirement for that officer to reimburse the agency to the value in excess of \$250.

GUIDELINES IN SUPPORT OF THE POLICY AND PROCEDURE

The *Public Sector Ethics Act 1994* which each RQL Officer is bound by includes five ethical obligations. One is 'Integrity' which requires that:

- public confidence in the integrity of public administration must be maintained and enhanced;
- the common good of the community must be advanced;
- official powers must not be improperly used;
- any conflict that may arise between the RQL officer's personal interests and official duties is resolved in favour of the public interest ; and
- the RQL officer should disclose fraud and corruption of which he or she becomes aware.

The *Public Service Act 1996* includes amongst its principles of public service management:

- maintaining impartiality and integrity in informing, advising and assisting the Government;
- managing public resources efficiently, responsibly and in a fully accountable way;
- maintaining proper standards in creating, keeping and managing public records.

In this policy and procedure, the term 'Gifts and Benefits' refers to items given and received in the course of official duties and includes (but is not limited to) gifts of money, alcohol, clothes, products, tickets, shares, travel, accommodation or access to a sporting or other venue. It may also include promise of a new job or promotion, preferential treatment such as queue jumping, access to confidential information, use of facilities, hospitality or benefits generally.

There are three levels of gifts and benefits:

- nominal;
- significant; and
- reportable.

Within these levels gifts or benefits may be:

- tangible (of lasting value); or
- intangible (of no lasting value).

The same principles apply to all gifts and benefits; different procedures apply to different levels of gifts and benefits and intangible gifts and benefits

A nominal gift or benefit has a fair value less than \$50. Examples include but are not limited to:

- food and drink received or given as part of a meeting, conference, trade display or other event attended as part of official duties;
- cap, pen, pencil, notepad, a bottle of wine, bunch of flowers, box of chocolates;
- entry tickets to the races.

A significant gift or benefit has a fair value between \$50 and \$250, inclusive of those amounts. Examples include but are not limited to:

- food and drink received or given as part of a meeting, conference, trade display or other event attended as part of official duties;
- discounted products for personal use;

- free use of facilities such as gyms and holiday homes or discounted travel;
- corporate offers of transportation, accommodation, tickets, meals, and functions as part of a major event;
- a book on a relevant topic;
- prize/s won at a conference;
- awards or prizes.

A reportable gift or benefit is a single gift or benefit with a fair value in excess of \$250 or each significant gift given to or received from the same donor in the course of a financial year where the aggregate value of those gifts is in excess of \$250.

An intangible gift or benefit is one which has no lasting value and which cannot be dealt with as property of the agency for accounting purposes. Nevertheless, accepting an intangible gift or benefit has the capacity to give rise to a breach of the principles in relation to the acceptance or giving of gifts or benefits.

Hospitality is likely to be an intangible gift or benefit.

Examples of intangible gifts or benefits include but are not limited to:

- food and drink received or given as part of a meeting, conference, trade display or other event attended as part of official duties;
- tickets to the races, theatre, cultural events, sporting and other events;
- restaurant meals and meals;
- training excursions;
- sports team sponsorship;
- use of facilities such as gyms and holiday homes or discounted travel;
- corporate offers of transportation, accommodation, tickets, meals, and functions;
- conference transportation, accommodation and fees;
- invitations to participate in corporately sponsored groups;
- entertainment;
- official functions and hospitality.

An intangible gift or benefit can be nominal, significant or reportable and must be dealt with in the way which suits its classification, except that, if it is a reportable gift, and it is retained by the officer, there is no requirement to reimburse the agency for the difference between its fair value and \$250.

MATRIX SUMMARISING THE RELATIONSHIP BETWEEN, AND THE PROCEDURES FOR TYPES OF GIFTS AND BENEFITS

Procedures	Gifts or Benefits			Intangible Gifts (Hospitality)		
	Less than \$50	\$50-\$250	More than \$50	Less than \$50	\$50-\$250	More than \$250
Principles apply	Yes	Yes	Yes	Yes	Yes	Yes
Decision and information recorded in register	Yes	Yes	Yes	Yes	Yes	Yes
Requirement to purchase	No	No	Yes	No	No	No
Aggregates from same donor noted	No	Yes	Yes	No	Yes	Yes

REVISION HISTORY

Revision	Date	Description of Changes	Author
	16 November 2012	Alteration of reporting line to CEO	Adam Carter



Racing Queensland Limited

RISK MANAGEMENT POLICY

COMMENCEMENT DATE

This policy comes into effect on 1 July 2010.

PURPOSE

The *Racing Act 2002* authorises Racing Queensland Limited (RQL) to develop policies for the sound management of the industry. In addition, RQL's role is to initiate, develop and implement policies it considers conducive to the development and welfare of the racing industry and the protection of the public interest. A key component of RQL's suite of policies is the risk management policy.

The purpose of this risk management policy is to outline the RQL preferred risk management approach and methodology to assist racing clubs in the development of appropriate risk management capabilities.

OBJECTIVES

The objectives of this policy are to ensure that:

- a consistent approach to the management of risk is adopted within racing clubs
- all significant risks to racing clubs are identified, evaluated and managed
- the process of management of risk enhances the performance of racing clubs.

BACKGROUND

RQL recognises the importance of a structured approach to risk management. This industry based policy is intended to provide guidance for racing clubs in developing the capability to better understand potential threats and their consequences for their business. It will also assist racing clubs to make more informed decisions about risk management options, including whether to accept, transfer, reduce, or share those risks.

The benefits of effective risk management include:

- improved planning and performance
- the opportunity to minimise the cost of losses arising from crisis events
- greater protection for business assets and income flow through the identification of risk
- a better understanding about the need to achieve a balance between the costs (financial and non-financial) involved in mitigating risk, against the benefits derived from the activity, in order to achieve an appropriate level of business resilience
- improved stakeholder relationships
- improved information for decision making
- enhanced reputation.

Risk management is particularly important within the Queensland racing industry due to:

- the complexity of the industry

- the criticality of maintaining integrity within the industry
- stakeholder expectations
- the high probability of a variety of threats including equine or canine disease.

SCOPE OF POLICY

This policy sets out RQL's preferred risk approach, vision, definition, and methodology for the Queensland racing industry. The policy has been designed to provide a platform for racing clubs to develop sound risk management understanding and practices.

POLICY STATEMENT

In accordance with RQL's vision, all racing clubs should develop an appropriate and continuous level of risk management capability. In order to achieve this level of risk management, RQL will assist by:

- defining the risk approach for the racing clubs
- providing an appropriate level of support to racing clubs.

APPLICATION

This policy applies to all RQL clubs and other significant entities with a commercial interest in the Queensland racing industry. The racing club's risk management plan should reflect the complexity and size of the individual organisation. *Relevant appendices to this policy have been developed with their individual applicability based on a club's TAB status.*

DOCUMENT PRECEDENCE

Should there be any conflicting information provided in this policy document, the following list of precedence applies:

1. Racing Act 2002
2. Australian Rules of Racing 2008
3. RQL Regional Rules of Racing
4. RQL Local Rules of Racing
5. Greyhounds Australasia Rules
6. Australian Harness Racing Rules & Regulations
7. RQL Risk Management Policy.

PRINCIPLES OF RISK MANAGEMENT

AS/NZS 31000:2009 Risk Management contains a comprehensive list of risk management principles. The risk management principles captured below reflect AS/NZS 31000:2009 but have been contextualised for RQL clubs.

Integration of risk management with business planning

Risk management is an integral component of business planning. A first step in the annual business planning process is the identification and assessment of risks, in particular assessing whether there have been any significant changes in your club's risk profile.

Full racing club commitment

Leadership needs to be shown by the Board and Chief Executive of each club to ensure that all racing clubs are committed to the process. In turn this commitment should be extended down to all staff by involving them in the risk management process and where appropriate, assigning specific responsibilities with risk management to individuals.

It is important to note that in smaller organisations the major responsibility for risk management may befall on only one or two individuals.

Review, monitoring and reporting of risks

Formal mechanisms for review, monitoring and reporting of identified risks should be in place.

Cost benefit assessment

Risk treatment options enable the management of identified risks at a tolerable or acceptable level within financial and/or other policy constraints. Although all risks can never be eradicated,

effective risk management provides the tools for the management of risks using a systematic and documented risk assessment process.

Scalable and fit for purpose

The risk management process is a scalable, modular and flexible methodology. Risk management must therefore be applied to racing clubs based on their size, complexity and other relevant factors.

RISK MANAGEMENT PROCESS

The policy is aligned with the Australian and New Zealand risk management standard AS/NZS 31000:2009 and considers the current Queensland racing industry environment and risk management requirements. The risk management process is the same for all racing clubs but scalable to individual needs. Additional information is contained in the appendices as outlined below:

- key terms and abbreviations (**all clubs**) are contained in Appendix A
- an overview of the risk management process (**non-TAB clubs**) is contained in Appendix B
- a more detailed description of the risk management process steps (**TAB and strategic non-TAB clubs**) in the context of the Queensland racing industry is contained in Appendix C
- a risk register worksheet (**all clubs**) is contained in Appendix D.

ROLES AND RESPONSIBILITIES OF RISK MANAGERS

The initial step in the risk management program should be to designate a senior person who will be responsible and accountable for the risk management program and determine the required documentation. This step is important to ensure that the risk management program has ownership within your organisation. An indicative risk management organisational structure (**TAB and strategic non-TAB clubs**) is attached in Appendix E.

RISK MANAGEMENT DOCUMENTATION

Each stage of the risk management program should be recorded appropriately and in accordance to the legal and business needs of your organisation. Important benefits of keeping documentation include:

- enable decisions or processes to be reviewed
- provide evidence showing a systematic approach
- build and retain internal knowledge
- communication and demonstration to stakeholders that the risk management process has been conducted appropriately.

Consideration should be given to the costs of developing and maintaining records and to the benefits of keeping such records. Maintaining certain documentation may be considered unnecessary and therefore an assessment of the required documentation needs to be undertaken on an individual racing club basis.

The Risk Management Plan *brings together in one document the results of the risk assessment* and should contain:

- risk management roles and responsibilities
- list of risks identified, analysed and evaluated (contained in the risk register as an appendix)
- summary of risk treatments for major risks (contained in the risk treatment schedule)
- an outline of the approach to monitoring and reporting on risks.

A suggested Risk Management Plan Outline (**TAB and strategic non-TAB clubs**) is attached in Appendix F. In addition to the Risk Management Plan there should be documentation kept on risk reviews, outcomes of audits, details of previous recommendations and follow up activity; as well as an incident database which is used to track and uncover patterns in incidents and priority areas to address vulnerabilities. As a minimum **non-TAB clubs** must maintain an up to date Risk Register.

RISK REPORTING AND TRAINING REQUIREMENTS

TAB clubs are required to submit a risk management plan to RQL by the 30th September each year. In addition, **TAB and strategic non-TAB clubs** are required to submit a Club Risk Reporting Form (Appendix G) when there has been a significant material deterioration of a risk. This form is designed to highlight and communicate in a consistent manner any changes in a club's risk profile (e.g. new service/event offering) to RQL.

KEY CONTACTS

Key contact points at RQL are the:

- Chief Financial Officer
- Business Analyst
- Senior Corporate Counsel/Company Secretary

Racing clubs must nominate and report to RQL on the designated risk management officer. These details must also be stated in the risk management plan.

REFERENCES

This policy has been developed using the following standards and guides:

- AS/NZS 31000:2009 – Risk Management – Principles and Guidelines
- HB 327:2010 – Communicating and Consulting about Risk (Companion to AS/NZS 31000:2009)

AUTHORITY AND OTHER INFORMATION

Racing Act 2002

Australian Rules of Racing 2008

Greyhounds Australasia Rules

Australian Harness Racing Rules & Regulations

APPENDICES

Appendix A	Key terms and abbreviations (all clubs)
Appendix B	Risk Management process overview (non-TAB clubs)
Appendix C	Risk Management process in detail (TAB and strategic non-TAB clubs)
Appendix D	Risk Register Worksheet (all clubs)
Appendix E	Roles and responsibilities organisational structure (TAB and strategic non-TAB clubs)
Appendix F	Risk Management Plan Outline (TAB and strategic non-TAB clubs)
Appendix G	Club Risk Reporting Form (TAB and strategic non-TAB clubs)

REVIEW

This policy was reviewed on 1 September 2010.

Next review date will be 1 May 2012.

This policy was made by Racing Queensland on 1 July 2010 under s.81(w) of the *Racing Act 2002*. For further information contact Adam Carter, Chief Financial Officer by phoning (07) 3869 9702 or emailing acarter@racingqueensland.com.au

APPENDIX A: KEY TERMS AND ABBREVIATIONS (ALL CLUBS)

The following risk management terminology has been adopted by RQL in this policy.

<i>Control</i>	Measure that is modifying risk (AS/NZS 31000:2009).
<i>Consequence</i>	Outcome of an event affecting objectives (AS/NZS 31000:2009).
<i>Event</i>	Occurrence or change of a particular set of circumstances (AS/NZS 31000:2009).
<i>Level of Risk</i>	Magnitude of a risk or combination of risks, expressed in terms of the combination of consequences and their likelihood (AS/NZS 31000:2009).
<i>Likelihood</i>	chance of something happening (AS/NZS 31000:2009).
<i>Non-TAB Clubs</i>	As per the <i>Racing Act 2002</i> - clubs for which TattsBet does not or is unlikely to offer wagering on the majority of the clubs' harness races or races of thoroughbred horses or greyhounds.
<i>RQL</i>	Racing Queensland Limited.
<i>Risk</i>	The effect of uncertainty on objectives. An effect is a deviation from the expected – positive or negative.
<i>Risk Assessment</i>	Overall process of risk identification , risk analysis and risk evaluation (AS/NZS 31000:2009).
<i>Risk Management</i>	Coordinated activities to direct and control an organization with regard to risk (AS/NZS 31000:2009). This policy does not intend to eliminate risk completely; rather it outlines an approach for effectively managing the risks involved in all racing industry participant activities (AS/NZS 31000:2009).
<i>Risk Management process</i>	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk (AS/NZS 31000:2009).
<i>Risk Owner</i>	Person or entity with the accountability and authority to manage a risk (AS/NZS 31000:2009).
<i>Risk Tolerance</i>	Is the level of risk an organisation is prepared to accept without insisting on action to either reduce the level of incidence or the likelihood of the event occurring.
<i>Risk Treatment</i>	Process of selection and implementation of measures to modify risk.
<i>Risk Types</i>	
<i>Inherent Risk</i>	Level of risk assuming no controls are in place or those that are in place are totally ineffective

<i>Managed Risk</i>	Level of risk taking onto consideration the effectiveness of existing controls (also know as the managed risk)
<i>Residual Risk</i>	Risk remaining after the implementation of a risk treatment (AS/NZS 31000:2009).
<i>Strategic Non-TAB Clubs</i>	<p>Clubs that are strategically located to ensure regional sustainability. These clubs currently provide increased levels of infrastructure to support training and racing requirements within each region. The following listed clubs are designated as strategic non-TAB clubs:</p> <ul style="list-style-type: none"> • Atherton Turf Club • Barcaldine Racing Club • Barcoo Amateur Race Club • Beaudesert Race Club • Bowen Turf Club • Bundaberg Race Club • Burdekin Race Club • Cairns Jockey Club • Central Warrego Race Club • Chinchilla Race Club • Cloncurry & District Race Club • Cunnamulla & District Diggers' Race Club • Dalby & Northern Downs Jockey Club • Emerald Jockey Club • Gladstone Turf Club • Goondiwindi Race Club • Gympie Turf Club • Innisfail Turf Club • Julia Creek Turf Club • Lockyer Race Club • Longreach Jockey Club • Mt Isa Race Club • Nanango Race Club • Richmond Turf Club • Roma Turf Club • Thangool Race Club • Towers Jockey Club • Warwick Turf Club • Bundaberg Greyhound Racing Club • Cairns Greyhound Racing Club • Capalaba Greyhound Racing Club • Marburg Harness Racing Club
<i>TAB Clubs</i>	<p>Clubs for which TattsBet offers wagering on the majority of the clubs' harness races or races of thoroughbred horses or greyhounds. A TAB Club will have either a Metropolitan or Provincial Club status. The following clubs are classified as TAB Clubs:</p> <ul style="list-style-type: none"> • Brisbane Racing Club (Doomben & Eagle Farm racecourses) • Gold Coast Turf Club • Ipswich Turf Club • Sunshine Coast Turf Club • Mackay Turf Club • Rockhampton Jockey Club • Toowoomba Turf Club • Townsville Turf Club • Albion Harness Racing Club • Gold Coast Harness Racing Club • Redcliffe Harness Racing Club • Brisbane Greyhound Racing Club

- Ipswich Greyhound Racing Club
- Townsville Greyhound Racing Club
- Rockhampton Greyhound Racing Club
- Any other club conducting a race meeting, other than Metropolitan, on which a full TAB service and offcourse television coverage applies, or was to apply.

Threat

Anything (e.g. object, substance, human etc) that is capable of causing harm to a racing industry participant. Threats can be specific to a racing industry participant (e.g. disgruntled former employee) or industry specific (e.g. Equine Influenza).

Refer to AS/NZS 31000:2009 for a full list of risk management terms and definitions.

APPENDIX B: RISK MANAGEMENT PROCESS OVERVIEW (NON-TAB CLUBS)

OVERVIEW

Figure 1 outlines the risk management steps adapted from AS/NZS 31000:2009. These steps form the basis of RQL's preferred risk management process.

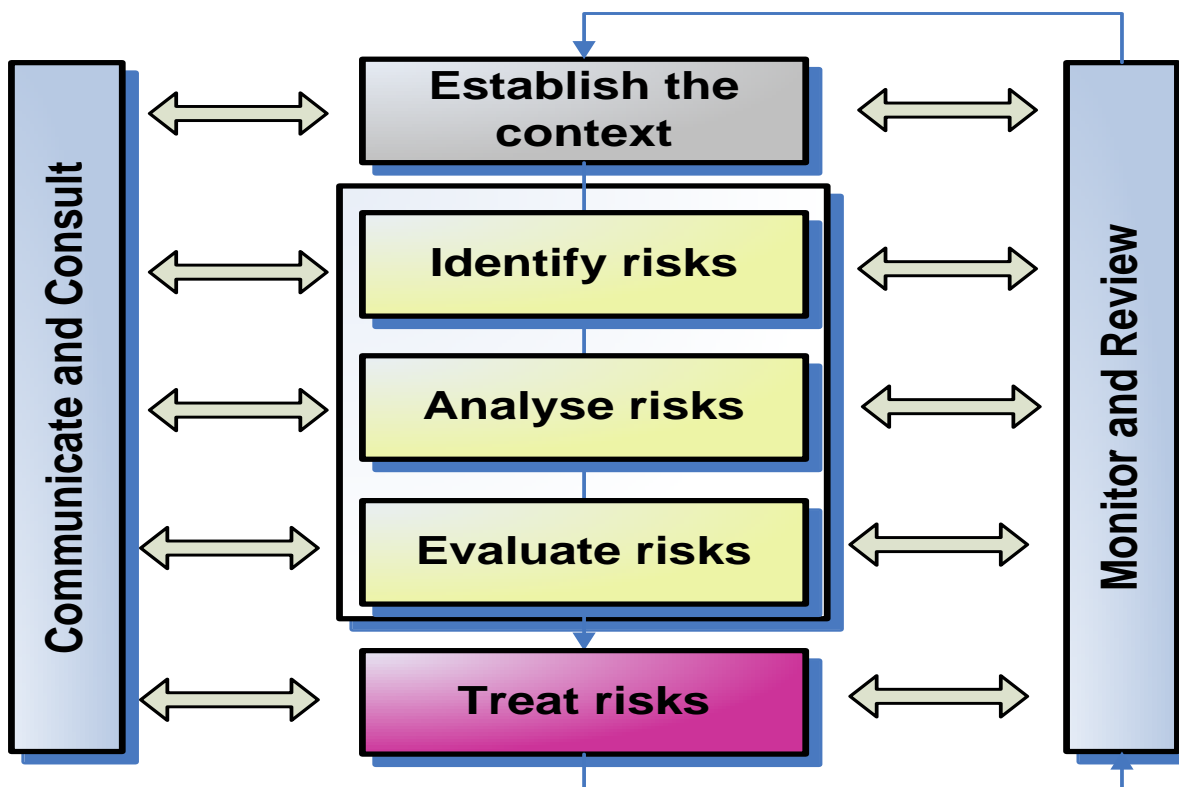


FIGURE 1: RISK MANAGEMENT PROCESS (SOURCE: AS/NZS 31000:2009)

COMMUNICATE AND CONSULT

- This is a process not an outcome and should be considered at each step
- Engage important stakeholders in two-way communication on a continuous basis
- Integrates multiple perspectives and builds trust.

ESTABLISH THE CONTEXT

- Have somebody overall responsible for the management of risk
- Understand the relationship between the club and its external context by investigating the political, economic, social, competitive, environmental and legal environments
- Understand your internal club context including key revenue sources, important stakeholders, staff / volunteers and core operations such as facilities, technology, assets, management practices and procedures
- Establish the club's risk management metrics in terms of consequence and likelihood
- Establish the club's risk management tolerance (appetite) by considering the available financial and non-financial resources and the goals of the club.

IDENTIFY RISKS

- Develop a comprehensive list of the sources of risk (threats and hazards) by relevant categories which may affect the club. Opportunities associated with the sources of risk should be identified
- Brainstorm risk categories as a group in order to define relevant risks
- The description of the risk should include an event, an outcome or impact, the context or environment in which it may occur and a detection method.

ANALYSE RISKS

{ FILENAME }

- Identify the adequacy and effectiveness of existing controls which mitigate the risk
- Determine the financial and non-financial consequences should the risk event occur
- Determine the likelihood of the risk event occurring
- Determine the level of managed risk.

EVALUATE RISKS

- Compare the level of managed risk found during the analyse process with the club's risk tolerance established when the context was considered
- Decide if risks require treatment and priorities for treatment.

TREAT RISKS

- Determine a risk treatment strategy from the options listed below.
 - **Share the risk** (with another party e.g. RQL or Local Council)
 - **Transfer the risk** (to another party e.g. Insurance company)
 - **Avoid the risk** (do not undertake the activity)
 - **Ignore the risk** (accept the risk)
 - **Reduce the risk** (reduce likelihood, consequence or both)
- Determine if the risk treatment strategy is acceptable to key stakeholders
- Develop a timetable for implementation of the risk treatment strategy
- Document how risk treatment strategies will be monitored.

MONITOR AND REVIEW

- The risk management process should be monitored at each stage and in an iterative manner
- Periodic reviews of the risk profile should be conducted when there is a significant change to the club's operating environment or internal operations.

APPENDIX C: RISK MANAGEMENT PROCESS IN DETAIL (TAB AND STRATEGIC NON-TAB CLUBS)

OVERVIEW

Figure 1 outlines the risk management steps adapted from AS/NZS 31000:2009. These steps form the basis of RQL's preferred risk management process.

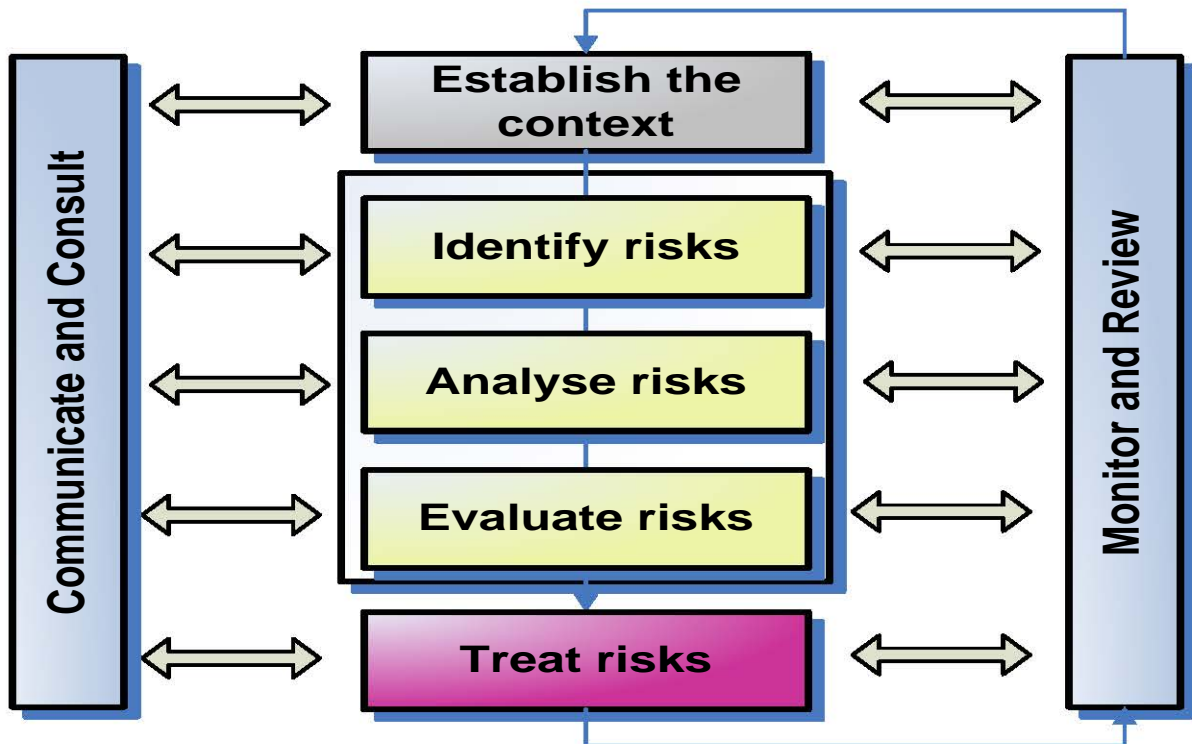


FIGURE 1: RISK MANAGEMENT PROCESS (SOURCE: AS/NZS 31000:2009)

COMMUNICATE AND CONSULT

Racing clubs should engage their important stakeholders in two-way communication early on in the risk management process. This is important because different stakeholders will hold different views about risk issues. In addition, there are likely to be variances in the consequences of threat events for different stakeholders. Communicating and consulting with stakeholders will help build and maintain trusting relationships.

ESTABLISH THE CONTEXT

It is important to start the risk management process with a clear understanding of your organisation's operating environment. To establish the context it is essential to:

- *Establish the external and internal context.* Initially identify and scope all influences (external and internal) which may reasonably impact on your business. This will help to define the criteria by which it is decided whether a risk is acceptable or not and will form the basis of options for treatment. For example a racing club may have the goal of safety and integrity at race meetings and the objectives would be to ensure that premises are safe and structurally sound and maximum insurance cover is obtained against accidental damage or injury.
- *Establish the risk management context.* The goals, objectives, strategies, scope and parameters of the activity to which the risk management process is being applied should be established. The process should be undertaken with full consideration of the need to balance costs, benefits and opportunities. The resources required and the records kept should also be specified.

- *Develop risk evaluation criteria.* This involves deciding on the criteria against which risk is to be evaluated. At this point, consideration should be given to the level of risks an organisation is prepared to accept. Decisions on risk acceptability and treatment may be based on operational, technical, financial, legal or other criteria.
- *Define the structure for the rest of the risk management process.* This involves separating the activity or project into a set of elements. These elements provide a logical framework for identification and analysis, which helps ensure significant risks are not overlooked.

Summary of important factors to consider in establishing the context

1. What are the goals and objectives that need to be accomplished?
2. What are the performance measures that will indicate achievement of these objectives?
3. Have the legislative, political, cultural and socio-economic environments and internal businesses' strengths, weaknesses, opportunities and threats been considered?
4. Have all the stakeholders been identified and their interests considered?

IDENTIFY RISKS

Risks should be identified based on the objectives of the organisation (in this instance racing club's corporate, division/business and project specific objectives).

This step involves identifying the risks which arise from all aspects of your organisation's operating environment identified in the previous step. A well-structured systematic process is central to the risk identification process. A convenient start point in risk identification is to identify risk categories. Noting that all risk categories may not be applicable to all clubs, a list of examples of risk categories is outlined below:

- **People** – patrons, staff, contractors, alcohol consumption, etc.
- **Information Technology** – IT security, systems, capacity, performance
- **Finance** – Control, investment, financial performance, compliance
- **Operations** – Crowd behavior, traffic, event management, maintenance
- **Strategy and Corporate Governance** – Corporate direction, Board responsibility, Management control, Policies
- **Environment** – Water, dangerous goods, economic environment, maintenance, strategic improvements, market movements
- **Stakeholder Management** – Partnerships, members, industry participants, residents, suppliers, staff, sponsors, patrons
- **Reputation and Image** – Media coverage, branding, charity, event conduct, venue standards, customer service standards
- **Regulatory and Legal** – Current legislation, policy requirements, Club constitution, Workplace Health & Safety.

Summary of important factors to consider when identifying risks

1. When, where, why and how are the risks likely to occur, and who might be involved?
2. What is the source of each risk?
3. What are the accountability mechanisms – internal and external?
4. What is the need for research into specific risks?
5. What is the scope of this research?
6. What resources are needed to carry out the research?
7. What is the reliability of the information?
8. What are the stakeholders' expectations of the organisation's performance?

ANALYSE RISKS

Risk analysis is a systematic process to understand the nature of and to determine the level of risk. Risk analysis provides an input to decisions on whether risks need to be treated and the most appropriate and cost-effective risk treatment strategies.

Risk analysis can be both qualitative and quantitative. The key steps in risk analysis:

1. Identify the adequacy and effectiveness of existing controls which may have impact on the risk
2. Determine the consequences should the risk event occur
3. Determine the likelihood of the risk event occurring
4. Determine the level of managed risk.

Identify the adequacy and effectiveness of the risk controls in place

The risk management process requires consideration of the controls already in existence and the adequacy and effectiveness of these controls. Once the adequacy and effectiveness of those controls have been identified, further consideration can be given as to whether the controls require modification, or whether other systems and controls are needed.

As part of any risk analysis, there may be a variety of controls that need to be identified. For example, controls are involved with:

- Corporate or strategic business activities
- Operational or commercial activities
- Project or contract activities
- Service delivery
- Financial processes
- Legal or compliance requirements
- Personnel safety or security
- Assets or property management
- Systems management
- Stakeholder involvement
- Other specific or unique activities.

The adequacy and effectiveness of controls can be identified by a number of methods including:

- A structured audit approach
- Analysing the history or probability of failure of the systems/controls
- Analysing the effectiveness of the systems/controls in prevention or reduction of risks
- Analysing the flexibility of systems/controls in dealing with slightly modified circumstances.

Table 1 provides your club with a system on the adequacy of existing controls.

TABLE 1: CONTROL RATING

Description	
Very Effective	The system (practices/controls) is effective in mitigating the risk. Systems and processes exist to manage the risk and management accountability is assigned. The systems are well documented and regular monitoring and review indicates high compliance with the process
Effective	Systems and processes exist which manage that risk. Some improvement opportunities have been identified but not yet actioned
Partly Effective	Systems and processes exist which partially reduce the risk
Marginal	The systems and processes for managing the risk have been subject to major change or are in the process of being implemented and its effectiveness cannot be determined
Ineffective	No system or processes exists to manage the risk

Determine the consequences should a risk event occur

Consequence is the outcome or impact of an event (e.g. a loss, injury, disadvantage or gain). Consequence must consider the adequacy and effectiveness of existing controls at the moment. In determining the consequences of a particular risk, racing clubs should consider:

- Impact on achievement of stated objectives
- Level of disruption to a business activity or service being delivered
- Potential financial loss, potential mitigation costs and/or legal exposure
- Extent and level of impact on people, property or the environment
- Public outrage, long term adverse media scrutiny, significant embarrassment for your organisation resulting in significant loss of stakeholder confidence.

A sample consequence scale is provided in Table 2 below. Similar to the likelihood scale, racing clubs should adapt this scale to fit the nature of their organisation.

TABLE 2: RISK CONSEQUENCE

Rating		Area of Impact				
		Financial	Business Continuity	Regulatory	Reputation	Workplace, Health & Safety
Extreme	5	Above XXXXXX				
Major	4	Up to XXXXX				
Moderate	3	Up to XXXX				
Minor	2	Up to XXX				
Low	1	Less than XXX				

Determine the likelihood of a risk event occurring

Likelihood is used as a description of probability, chance or frequency of the consequence event that was previously described. The adequacy and effectiveness of existing controls will affect the likelihood of a risk event occurring. Likelihood must consider the adequacy and effectiveness of existing controls at the moment.

Other factors that may need to be considered in determining the level of likelihood include the relevance and applicability of:

- Historical trends and data (claims or records)
- Susceptibility in terms of how vulnerable the business is to a particular risk
- Complexity in terms of process, tasks and technology
- Current intelligence
- New research or expert knowledge on risk exposure.

Likelihood of a risk event occurring can be considered using a cascading scale. Importantly, racing clubs should adapt this scale according to the nature of their own business. An example of risk likelihood is contained in Table 3.

TABLE 3: RISK LIKELIHOOD

Rating		Likelihood of Occurrence
Almost Certain	5	The event is almost certain to occur within the planning period
Likely	4	The event is likely to occur within the planning period
Possible	3	The event may occur within the planning period
Unlikely	2	The event is not likely to occur in the planning period
Rare	1	The event will only occur in exceptional circumstances during the assessment period or as a result of a combination of unusual events

Determine the level of managed risk

Having considered the likelihood and consequences of an individual risk, the level of risk can be determined. The combined ratings for likelihood and consequence for each risk are combined in the matrix below (Figure 2) to determine the level of managed risk.

{ FILENAME }

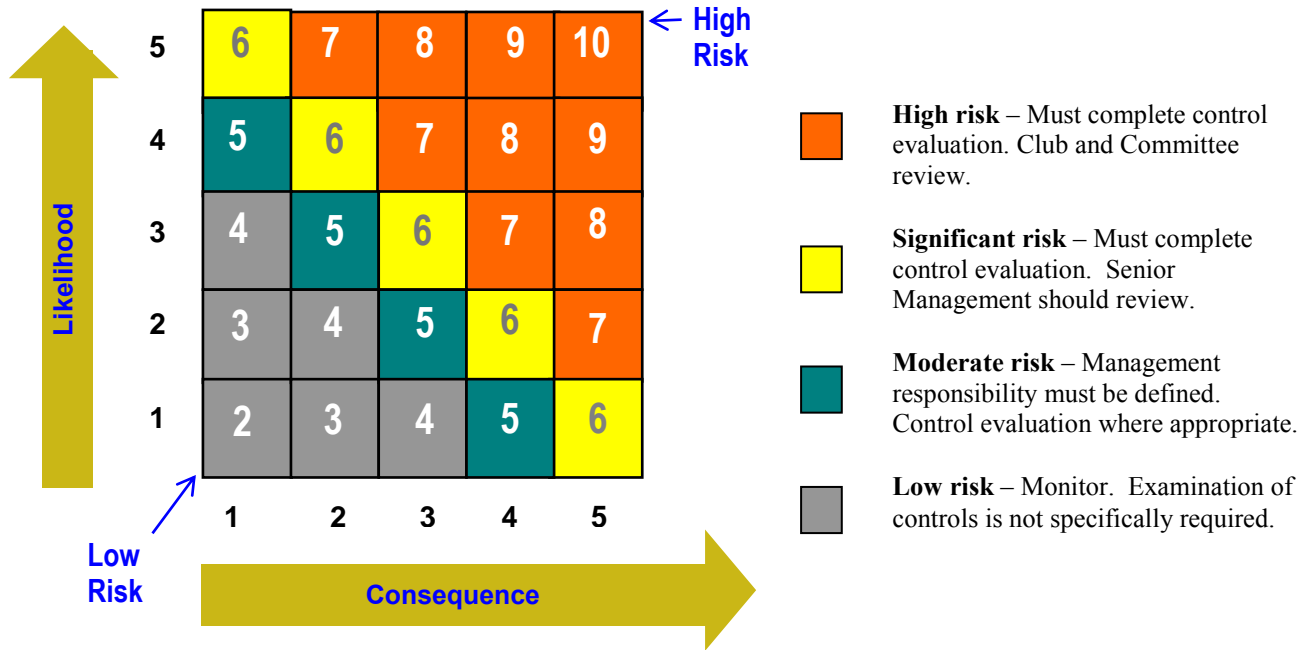


FIGURE 2: RISK RATING

Summary of important factors to consider when analysing risk

1. What are the current controls that may prevent, detect or lower the consequences of potential or undesirable events?
2. What factors might increase or decrease the level of risk?
3. What are the potential consequences of the risks if they do occur?
4. What is the potential likelihood of the threat occurring?
5. Are there any opportunities?
6. How confident are you in your judgement?

EVALUATE RISKS

Risk evaluation

The purpose of risk evaluation is to make decisions, based on the outcomes of risk analysis, about which risks need treatment and treatment priorities. Risk evaluation involves comparing the level of managed risk found during the analysis process with the risk criteria (club's risk tolerance) established when the context was considered. In addition, the balance between potential benefits and adverse outcomes also needs to be considered.

A basic approach is to consider which risks require treatment and which risks do not. If it is decided that a particular risk does not require treatment, it does not imply that the risk is insignificant. That risk needs to be monitored by management over time for changes.

Managed risk acceptable = do not treat
Managed risk unacceptable = treatment required

Some of the reasons why a risk might not require treatment include:

- The level of the risk is so low that specific treatment is not appropriate within available resources (e.g. treatment is not cost beneficial)
- The risk is such that there is no treatment available. For example, the risk that a project might be terminated following a change of government is not within the control of an organisation
- The cost treatment, including insurance costs, is so manifestly excessive compared to the benefit that acceptance of the risk is the only option (this may apply particularly to lower ranked risks)
- The opportunities presented outweigh the threats to such a degree that the risk is justified.

Summary of important factors to consider when evaluating risk

1. Is the level of managed risk acceptable to the risk criteria established when the context was considered?
2. The key output from this stage is the decision to treat risk or not
3. In some circumstances, the risk evaluation may lead to a decision to undertake further analysis.

TREAT RISKS

In line with RQL's Risk Management Policy, managers at all level of your club should be accountable for mitigating risks to an acceptable level at reasonable costs to minimise any adverse impact on your club's operations. Accordingly, the objective of this phase is to identify and implement measures to modify the level of risk where necessary. Risk treatments can be captured through five broad strategies:

- **Share the risk** (with another party e.g. RQL or Local Council)
- **Transfer the risk** (to another party (e.g. Insurance company)
- **Avoid the risk** (do not undertake the activity)
- **Ignore the risk** (accept the risk)
- **Reduce the risk** (reduce likelihood, consequence or both).

Risk treatments should be prioritised according to a cost benefit analysis to determine the most appropriate treatments. Treatments should address the cause of the risk not just the symptoms. The selected risk treatment option should take into consideration your important stakeholders. Some examples of risk treatment options include:

Reduce the likelihood

- Avoiding the risk (e.g. cease activity, prevent new activity)
- Improvement (e.g. process improvement, process re-design, decision making improvement)

Reduce the consequence

- Sharing the risk (e.g. via contract with a partner, outsourcing, subcontracting)
- Transferring the risk (e.g. insurance, contracting out of services)
- Business continuity plan (documented continuity arrangements including contingencies, resources, key contacts and alternate arrangements)

Figure 3 illustrates the process flow of determining an appropriate risk treatment.

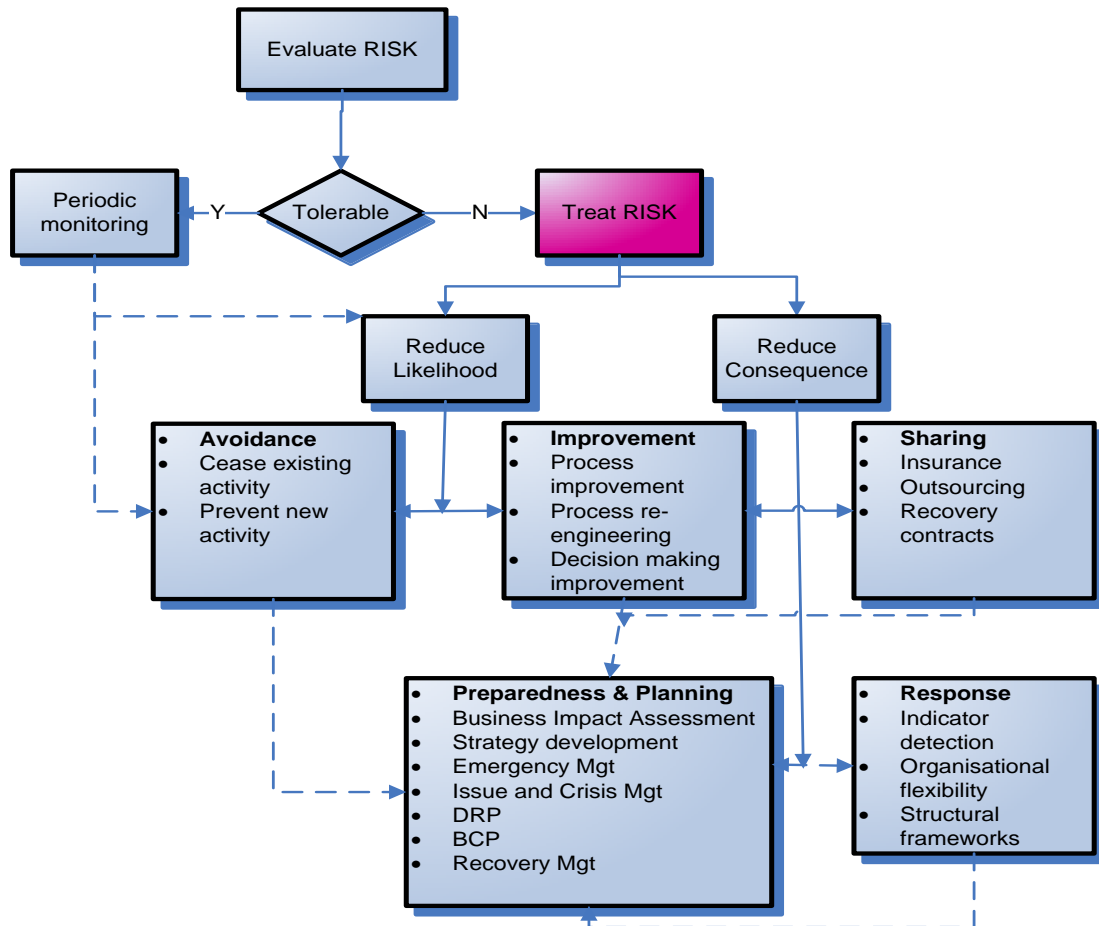


FIGURE 3: RISK TREATMENT OPTIONS (SOURCE HB 292: 2006)

MONITOR AND REVIEW

Monitoring and review is an essential part of effectively managing risk. It is necessary to actively monitor the adequacy of your risk controls and sign of emergent threats that can impact the racing industry and your club. Internal and environmental changes can significantly alter your risk management profile including the risk levels and effectiveness of risk treatments.

Monitoring and review frequency of the risk management program is within Table 4 below:

TABLE 4: MONITORING AND REVIEW FREQUENCY TABLE

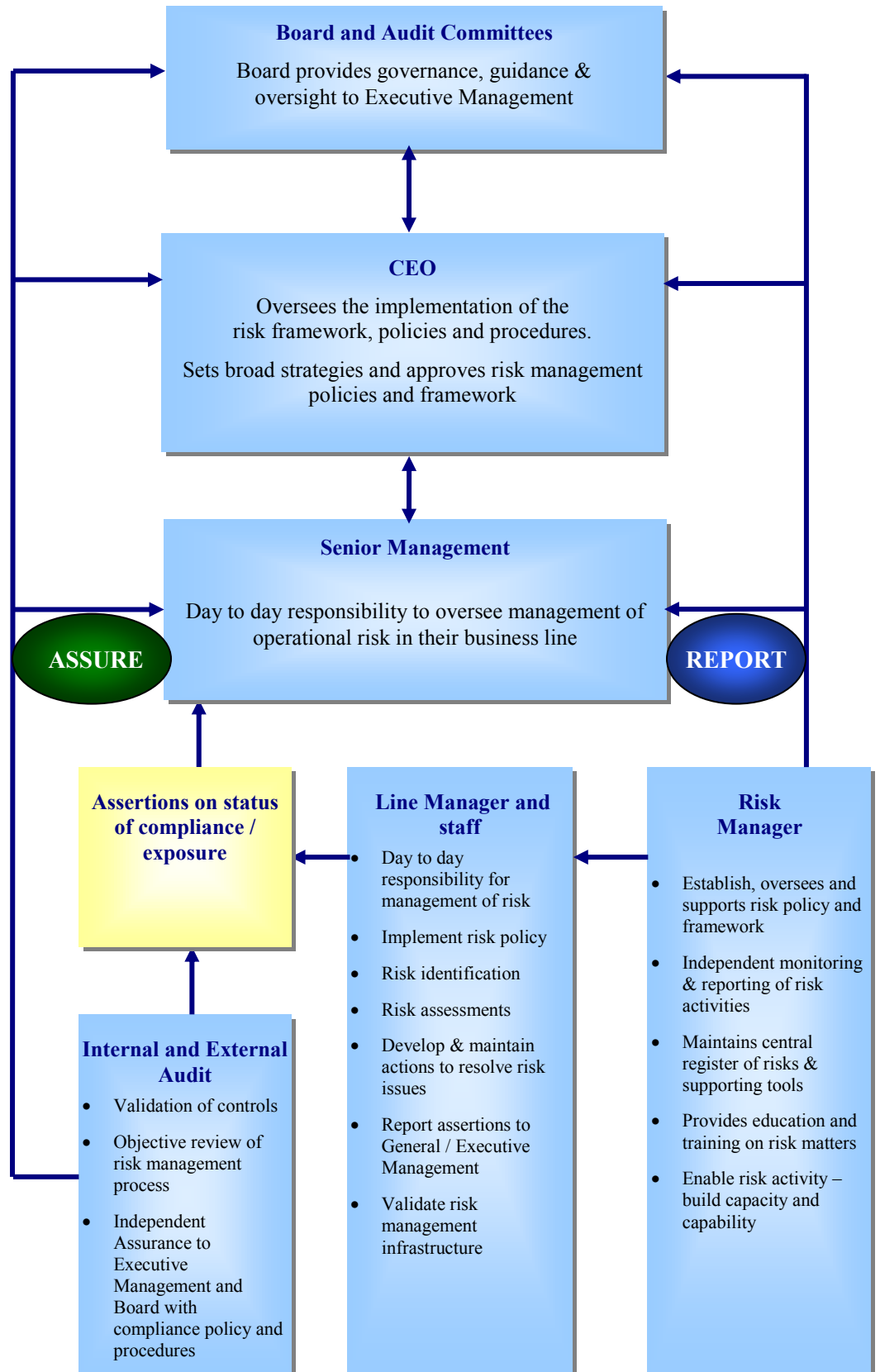
Frequency	Description
Day to day	Regular checking and continuous monitoring
Periodically	Line management review (control self assessment, driven by the risk profile and management span of control)
Annually (depending on organisation size)	Third party audit (internal and external auditing aimed at policy and standard compliance)

APPENDIX D: RISK REGISTER WORKSHEET (ALL CLUBS)

Function/Activity		Compiled by:		Date:	
Date of risk review		Reviewed by:		Date:	

Risk Category	Risk Owner	Description	Existing controls	Consequences	Likelihood	Managed Risk Level	Acceptable Yes or No	Risk Treatment (additional controls)	Risk Treatment Responsibility & Timeline
PEOPLE	XX	<i>Failure to recruit and retain key specialised personnel</i>	<i>Marginal</i>	<i>Moderate (3)</i>	<i>Likely (4)</i>	<i>High (7)</i>	<i>No</i>	<i>Reduce likelihood through new staff initiatives</i>	<i>XX Within 6 months</i>
IT	XX	<i>Failure of the Tote system on race day</i>	<i>Partly effective</i>	<i>Major (4)</i>	<i>Likely (4)</i>	<i>High (8)</i>	<i>Yes</i>	<i>Continue to monitor the risk</i>	<i>NA</i>
FINANCES	YY	<i>Inability to achieve and maintain RQL FM requirements</i>	<i>Effective</i>	<i>Major (4)</i>	<i>Possible (3)</i>	<i>High (7)</i>	<i>Yes</i>	<i>Continue to monitor the risk</i>	<i>NA</i>
OPERATIONS	ZZ	<i>Lack of adequate security on race day</i>	<i>Ineffective</i>	<i>Moderate (3)</i>	<i>Likely (4)</i>	<i>High (7)</i>	<i>No</i>	<i>Improved alcohol Mgt Reduce attendees</i>	<i>DD Within 3 months</i>
ENVIRONMENTAL	DD	<i>Adverse weather conditions affecting race day conduct</i>	<i>Ineffective</i>	<i>Moderate (3)</i>	<i>Possible (3)</i>	<i>High (6)</i>	<i>No</i>	<i>Investigate cost effectiveness of increasing drainage</i>	<i>DD Within 2 months</i>
Guidance			Share Transfer Avoid Ignore (accept) Reduce	Extreme (5) Major (4) Moderate (3) Minor (2) Low (1)	Almost certain (5) Likely (4) Possible (3) Unlikely (2) Rare (1)	High (7-10) Significant (6) Moderate (5) Low (2-4)	Very Eff Effective Partly Eff Marginal Ineffective	Share Transfer Avoid Ignore (accept) Reduce	

**APPENDIX E: RISK MANAGEMENT ROLES AND RESPONSIBILITIES
ORGANISATIONAL STRUCTURE (TAB AND STRATEGIC NON-TAB CLUBS)**



APPENDIX F: RISK MANAGEMENT PLAN OUTLINE (TAB AND STRATEGIC NON-TAB CLUBS)

- INTRODUCTION
 - *This section provides relevant background information, how the document was prepared and what information was used as references*
- SCOPE
 - *This section outlines the scope of the plan as it applies to the racing club in terms of:*
 - *duration and*
 - *breath of operation*
- POLICY STATEMENT
 - *The policy statement outlines the broad process for management of risk*
 - *Key risk concepts are defined including the club's risk tolerance is defined*
 - *Roles and responsibilities are defined*
- RISK REVIEW
 - Documentation
 - *Outlines what documents and registers will be used to manage risk*
 - *As a minimum a simple risk management plan must be used and documented*
 - Timeframes
 - *Outlines the duration and currency of the plan*
 - *Defines review and monitor timeframes plus other key timings*
- METHODOLOGY
 - Key definitions
 - *Outlines key definitions as they apply to the racing club*
 - *Definitions can be used from this policy document*
 - Risk Categories
 - *Define the risk categories relevant to the racing club and its operating environment*
 - *The start point should be the risk categories as identified in this policy*
 - Risk Likelihood Rating
 - *Contains the 1-5 likelihood table populated with club specific metrics*
 - Risk Consequence Rating
 - *Contains the 1-5 consequence table populated with club specific metrics*
 - Control Rating and Assessment Table
 - *Contains the 1-10 global control effectiveness table (use table from this policy)*
 - *Contains the 1-10 risk level rating system (use table from this policy)*
- RISK ASSESSMENT
 - *This is where racing clubs document the risk assessment of individual risks by category*

- *Appendix C, the Risk Register Worksheet, should be used as a convenient and easy means to capture the data*
- RISK TREATMENT¹
 - *This is where racing clubs document the managed risks which are unacceptable in priority order. Risk treatment options are then defined per risk with information also recorded on timing, responsibilities, costs vs benefits and monitoring requirements.*

¹ Where appropriate risk assessment and risk treatments may be combined into a single table.

APPENDIX G: CLUB RISK REPORTING FORM (TAB AND STRATEGIC NON-TAB CLUBS)

Organisation:		Responsible Person(s):		Contact Details:	
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Have there been any major changes to your operations that affect your risk profile? (e.g. new events, new construction, merger, acquisition etc)					
Yes		No			
Details					

Have there been any major risk events or other notable incidents in the last 12 months? (e.g. extreme weather event, death, disease outbreak etc)					
Yes		No			
Details					

Have your risk registers been regularly updated and maintained? (to reflect changes in your operations or the environment)					
Yes		No			
Details					

Are there any risk management related issues concerning your organisation that you would like to bring to the attention of RQL? (e.g. inability to adequately mitigate a particular risk)					
Yes		No			
Details					

Signed: _____

Date: _____

{ FILENAME }

End of Risk Management Policy

Minutes of Audit Committee Meeting
Friday 2 February 2007

Queensland Racing
Board Room
Racecourse Road, Deagon

Meeting commenced at 8.05am
Meeting concluded at 9.13am

Committee Members Present: Michael Lambert (Chairman)
Tony Hanmer

Also in Attendance: Adam Carter – Finance Manager
Darryl Kyle – Business Analyst
Paul Brennan – Racing Services Manager (item 3)

Minutes: Kelly Skuse – Board Secretary

The meeting commenced at 8.05am.

1. Confirmation of Minutes of 30 November 2006:-

The Committee **NOTED** the Audit Minutes from the last meeting on 30 November 2006.

The Committee made the following amendments to the minutes:-

• **Item 3 – Update on Townsville Turf Club result for FY 05/06 (Page3)**

The word “massive” to be deleted and replaced with “important”. The sentence to now read:-

“Mr Hanmer commented that Townsville was an important feeder club for all other clubs.”

• **Item 5 – TAB Club KPI’s – FY 05/06 (Page 3)**

The following sentence to be deleted:-

“He requested that it is preferable to have clean indicators that project performance, ones that can break up race day expenses.”

• **Item 7 – Internal Audit**

Mr Hanmer raised a query in relation to the item “*Housing fringe benefit to be revalued*”. Mr Carter confirmed that this was the housing premises where George Mahwinney resides and that the fringe benefit tax was not assessed at the correct amount. Mr Carter stated that it had not been revalued for 4 years and the rental was \$130 per week, whereas it should be between \$250 - \$280 per week.

Motion moved by Mr Hanmer, seconded by Mr Lambert:-

That the Queensland Racing Audit Minutes for 30 November 2006 with the above amendments be received and confirmed.

Carried

2. Action Sheet:-

The **Committee NOTED** that all the items on the action sheet were being discussed at this meeting.

In addition, the Committee made the following comments in relation to the action sheet:-

- **Quarterly Operational Key Performance Indicators (KPI's) (QRL-Internal)**

Mr Carter advised that he is presently awaiting information back from Victoria and NSW. He advised that he had received some information from Western Australia, but our information is more detailed than the information that they have provided.

Mr Lambert advised that the financial KPI's are fairly well defined and he could see no issues. The non-financial KPI's are what we should be focusing on. Mr Lambert said if QR is unable to obtain information from Victoria and NSW to work internally and seek Mr Brennan's input.

- **TAB Business Asset Risk and Sponsorship Plan (TAB Workshop)**

The Committee **NOTED** that the TAB workshop was set down for Monday 19 March 2007 and requested if both Mr Carter and Mr Kyle required more time to prepare for this as they were presently working on the Metropolitan merger of the QTC and BTC.

It was confirmed that the workshop would be rescheduled to **Thursday 3 May 2007**.

Follow-Up:-

- Mr Carter to communicate the change of workshop date to clubs.

- **Prizemoney Distributions**

Mr Lambert raised the issue of prizemoney distributions to the industry and had the Racing Department considered any increases for 2007 / 2008.

Follow-Up:-

- This item to be raised at the Board meeting following the Audit meeting.

3. Review of Non-TAB Clubs – FY 05/06

Mr Kyle advised that the purpose of this paper was to provide some high level financial information and comparatives across the Non-TAB Clubs.

Mr Brennan joined the meeting to discuss, who are the main non-tab clubs that make a contribution to the industry.

The Audit Committee were of the view that there is no concern with a small club making a loss of \$2K or \$3K per year, the clubs of concern are the ones that race 5 or more times a year that are making a current loss, continual losses or have low liquidity levels.

Mr Brennan advised that he has recently returned from a country meeting and he called into Emerald. He advised the Emerald Club were having difficulties and he had confirmed with them that QR would be willing to send up Business Analyst, Darryl Kyle to assist them with their business plan if required.

Mr Brennan suggested that QR should focus on the following clubs for financial review and race department assistance:-

- Cairns
- Gladstone
- Longreach
- Dalby
- Lockyer
- Kilcoy

Mr Brennan stated that QR should visit the above clubs when they have meetings and advise the Club's Committee that the club is not performing. They should seek to improve their efforts in certain areas with the main focus for Non-TAB Clubs being to value add to prizemoney.

Follow-Up:-

- An audit program to be implemented and Board approval to be sought. To be reviewed also by Country Racing Committee. (Mr Brennan confirmed that there was a Country Racing Committee meeting on 26 February 2007.)

The Committee commented that this was a very informative paper.

4. Quarterly Operational Key Performance Indicators (KPI's) - Internal

Mr Kyle advised that he wished to provide to the Audit Committee the operational KPI's to the end of the second quarter ending 31 December 2006.

This item was to be presented to the Board at the meeting following this Audit meeting.

Mr Hanmer raised the issue of the Racing Appeals Tribunal not being favourable to Queensland Racing Stewards' decisions and these should be measured in the KPI's.

Mr Kyle stated a KPI shows only over or under the target percentage and that further information / detail could be obtained.

Follow-Up:-

- Review penalty reductions for Racing Appeals Tribunal decisions.

In summary Mr Kyle advised that the year to date to the end of December 2006, QRL appears to be operating well in all areas due mainly to growth in the major revenue line and cost control.

5. Financial Management Practice Manual (FMPM)

Mr Carter advised that the finance department had finalised and addressed all the items that were outlined in the previous paper at the 30 November 2006 Audit meeting. Mr Carter confirmed that Deloitte visited QRL on 15 January 2007 and were at the office for a period of 3 days and reviewed the entire practice manual. Deloitte have made some further recommendations to incorporate into the final manual.

Mr Carter advised that the final document is to be posted on the intranet for all staff to review. This manual is just an internal document and the FMPM for clubs is up for review.

Follow-Up:-

- Finalise further recommendations from Deloitte in QRL Internal FMPM by 4 June 2007.
- Review Club FMPM
- Updating all roles and profiles for clubs and secretaries. Mr Carter advised that this needs to be finalised by 4 June 2007 and distributed to all TAB and Non TAB Clubs.

6. Internal Audit Update - FBT

Mr Carter advised that as part of the internal audit plan, Deloitte were asked to review and have performed an internal audit of QRL's processes in place to identify and comply with the Fringe Benefits Tax (FBT) requirements and made recommendations.

Mr Carter confirmed that the overall rating for FBT was that there were some minor issues which management action had to be taken to address weaknesses within a reasonable time frame.

Follow-Up:-

- An update to be provided at Audit meeting on 4 May 2007 of any other major outstanding matters raised by internal audit.

- Mr Lambert suggested that to monitor internal audit action items, a schedule should be kept of items with headings possibly being:-
- Internal audit reports
 - Recommendation from report
 - Management response
 - Status of implementation
 - Action.

7. Risk Management Policy

Mr Carter advised that the purpose of this paper was to provide an update to the Committee with information relating to the proposed implementation and development of a Risk Management policy and framework based on PricewaterhouseCoopers initial findings.

Each manager at QRL has been asked to provide an update of the:-

- identified risk findings and recommendations
- key causes of the risk and the current status of the risk
- planned risk management actions.

Mr Carter advised that the Risk Management Policy and framework will be used to address the high priority risks and focus on the top 10 risks to improve the management of key risks.

Follow-Up:-

- Once a list has been finalised, the risk to be given an action plan and assigned to responsible officers and a time frame for completion to be implemented.
- A risk profile graph to be created highlighting the consequences and likelihood of the risks of QRL.

Mr Lambert outlined some minor changes of the policy directly to Mr Carter on pages 3 and 4 of the policy.

Motion moved by Mr Hanmer, seconded by Mr Lambert:-

The Board approved the amendments to the Risk Management Policy.

Carried

8. TAB Business Asset Risk and Sponsorship Plan

The Audit Committee confirmed that this workshop would be rescheduled from Monday 19 March 2007 to Thursday 3 May 2007.

Mr Carter confirmed that there were a number of issues that could be addressed, including:-

- Consolidating insurances for Industrial Special Risks and other
- Business interruption – focus on TAB clubs
- Central purchasing – Presently each region has a common supplier but have different purchasing arrangements.
- Standard Operating Environment (SOE) – Suggestion of implementing this for TAB Clubs with assistance of QRL IT Department.

Mr Carter advised that the theme was to create common services to improve efficiency.

Follow-Up:-

- To do follow up compliance audits of clubs which had areas highlighted in yellow and red.
- To highlight issues with the Club CEO's and Chairman.

9. Insurance Public Liability Update

Mr Carter advised that he attended a meeting in Sydney on 16 January 2007 regarding Tristate Public Liability and was voted the Chairman of the three States.

Queensland has a bad claims history due to workers' compensation claims and due to common law claims, which are not covered under the jockey's Contract of Insurance with WorkCover Queensland. The claims are going against the Public Liability policy not covered under the trainer's policy. These are mainly from freelance trackwork riders.

Mr Carter advised that the outcome from the meeting was to settle claims as soon as realistically possible before the next meeting is held in April/May 2007.

The Audit Committee were advised that QRL has had no public liability claims since 1 July 2006 (as at 2 February 2007). Mr Hanmer suggested that this could be attributed in part to Chief Steward, Mr Sanders implementing safety checks at trials and other random checks that were in place.

Mr Carter said that for the 2007 year he was looking at reducing the premium by another 20%. It was confirmed that QR are taking a more active role in reviewing the claims and making recommendations with AON's assistance.

Follow-Up:-

- Mr Carter to look at reviewing excess for policy and legal service providers and settling claims from last 5 years.
- Mr Carter to provide an update from the next Tristate Public Liability meeting, which is scheduled for May 2007.

10. Other Business

10.1 BDO Kendalls – Client Service Plan

Mr Carter tabled correspondence dated 29 January 2007 from BDO Kendalls, Chartered Accountants and Advisers on the proposed audit timetable for the 2007 financial year.

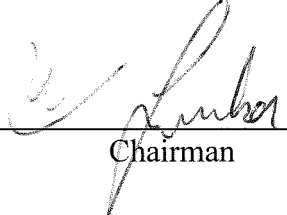
The Committee **NOTED** the following proposed audit dates:-

- First interim visit 16 April 2007
- Second interim visit 28 May 2007
- Final audit visit 13 August 2007

11. Next Meeting:-

The Chairman confirmed that the next Audit meeting would take place on **Friday 4 May 2007**. This meeting would take place after the club workshop which was scheduled for **Thursday 3 May 2007**.

The meeting closed at 9.13am.



Chairman

10-7-07

Date

Minutes of Audit Committee Meeting
Friday 2 February 2007

Queensland Racing
Board Room
Racecourse Road, Deagon

Meeting commenced at 8.05am
Meeting concluded at 9.13am

Committee Members Present: Michael Lambert (Chairman)
Tony Hanmer

Also in Attendance: Adam Carter – Finance Manager
Darryl Kyle – Business Analyst
Paul Brennan – Racing Services Manager (item 3)

Minutes: Kelly Skuse – Board Secretary

The meeting commenced at 8.05am.

1. Confirmation of Minutes of 30 November 2006:-

The Committee **NOTED** the Audit Minutes from the last meeting on 30 November 2006.

The Committee made the following amendments to the minutes:-

• **Item 3 – Update on Townsville Turf Club result for FY 05/06 (Page3)**

The word “massive” to be deleted and replaced with “important”. The sentence to now read:-

“Mr Hanmer commented that Townsville was an important feeder club for all other clubs.”

• **Item 5 – TAB Club KPI’s – FY 05/06 (Page 3)**

The following sentence to be deleted:-

“He requested that it is preferable to have clean indicators that project performance, ones that can break up race day expenses.”

• **Item 7 – Internal Audit**

Mr Hanmer raised a query in relation to the item “*Housing fringe benefit to be revalued*”. Mr Carter confirmed that this was the housing premises where George Mahwinney resides and that the fringe benefit tax was not assessed at the correct amount. Mr Carter stated that it had not been revalued for 4 years and the rental was \$130 per week, whereas it should be between \$250 - \$280 per week.

Motion moved by Mr Hanmer, seconded by Mr Lambert:-

That the Queensland Racing Audit Minutes for 30 November 2006 with the above amendments be received and confirmed.

Carried

2. Action Sheet:-

The **Committee NOTED** that all the items on the action sheet were being discussed at this meeting.

In addition, the Committee made the following comments in relation to the action sheet:-

- **Quarterly Operational Key Performance Indicators (KPI's) (QRL-Internal)**

Mr Carter advised that he is presently awaiting information back from Victoria and NSW. He advised that he had received some information from Western Australia, but our information is more detailed than the information that they have provided.

Mr Lambert advised that the financial KPI's are fairly well defined and he could see no issues. The non-financial KPI's are what we should be focusing on. Mr Lambert said if QR is unable to obtain information from Victoria and NSW to work internally and seek Mr Brennan's input.

- **TAB Business Asset Risk and Sponsorship Plan (TAB Workshop)**

The Committee **NOTED** that the TAB workshop was set down for Monday 19 March 2007 and requested if both Mr Carter and Mr Kyle required more time to prepare for this as they were presently working on the Metropolitan merger of the QTC and BTC.

It was confirmed that the workshop would be rescheduled to **Thursday 3 May 2007**.

Follow-Up:-

- Mr Carter to communicate the change of workshop date to clubs.

- **Prizemoney Distributions**

Mr Lambert raised the issue of prizemoney distributions to the industry and had the Racing Department considered any increases for 2007 / 2008.

Follow-Up:-

- This item to be raised at the Board meeting following the Audit meeting.

3. Review of Non-TAB Clubs – FY 05/06

Mr Kyle advised that the purpose of this paper was to provide some high level financial information and comparatives across the Non-TAB Clubs.

Mr Brennan joined the meeting to discuss, who are the main non-tab clubs that make a contribution to the industry.

The Audit Committee were of the view that there is no concern with a small club making a loss of \$2K or \$3K per year, the clubs of concern are the ones that race 5 or more times a year that are making a current loss, continual losses or have low liquidity levels.

Mr Brennan advised that he has recently returned from a country meeting and he called into Emerald. He advised the Emerald Club were having difficulties and he had confirmed with them that QR would be willing to send up Business Analyst, Darryl Kyle to assist them with their business plan if required.

Mr Brennan suggested that QR should focus on the following clubs for financial review and race department assistance:-

- Cairns
- Gladstone
- Longreach
- Dalby
- Lockyer
- Kilcoy

Mr Brennan stated that QR should visit the above clubs when they have meetings and advise the Club's Committee that the club is not performing. They should seek to improve their efforts in certain areas with the main focus for Non-TAB Clubs being to value add to prizemoney.

Follow-Up:-

- An audit program to be implemented and Board approval to be sought. To be reviewed also by Country Racing Committee. (Mr Brennan confirmed that there was a Country Racing Committee meeting on 26 February 2007.)

The Committee commented that this was a very informative paper.

4. Quarterly Operational Key Performance Indicators (KPI's) - Internal

Mr Kyle advised that he wished to provide to the Audit Committee the operational KPI's to the end of the second quarter ending 31 December 2006.

This item was to be presented to the Board at the meeting following this Audit meeting.

Mr Hanmer raised the issue of the Racing Appeals Tribunal not being favourable to Queensland Racing Stewards' decisions and these should be measured in the KPI's.

Mr Kyle stated a KPI shows only over or under the target percentage and that further information / detail could be obtained.

Follow-Up:-

- Review penalty reductions for Racing Appeals Tribunal decisions.

In summary Mr Kyle advised that the year to date to the end of December 2006, QRL appears to be operating well in all areas due mainly to growth in the major revenue line and cost control.

5. Financial Management Practice Manual (FMPM)

Mr Carter advised that the finance department had finalised and addressed all the items that were outlined in the previous paper at the 30 November 2006 Audit meeting. Mr Carter confirmed that Deloitte visited QRL on 15 January 2007 and were at the office for a period of 3 days and reviewed the entire practice manual. Deloitte have made some further recommendations to incorporate into the final manual.

Mr Carter advised that the final document is to be posted on the intranet for all staff to review. This manual is just an internal document and the FMPM for clubs is up for review.

Follow-Up:-

- Finalise further recommendations from Deloitte in QRL Internal FMPM by 4 June 2007.
- Review Club FMPM
- Updating all roles and profiles for clubs and secretaries. Mr Carter advised that this needs to be finalised by 4 June 2007 and distributed to all TAB and Non TAB Clubs.

6. Internal Audit Update - FBT

Mr Carter advised that as part of the internal audit plan, Deloitte were asked to review and have performed an internal audit of QRL's processes in place to identify and comply with the Fringe Benefits Tax (FBT) requirements and made recommendations.

Mr Carter confirmed that the overall rating for FBT was that there were some minor issues which management action had to be taken to address weaknesses within a reasonable time frame.

Follow-Up:-

- An update to be provided at Audit meeting on 4 May 2007 of any other major outstanding matters raised by internal audit.

- Mr Lambert suggested that to monitor internal audit action items, a schedule should be kept of items with headings possibly being:-
- Internal audit reports
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Each manager at QRL has been asked to provide an update of the:-

- identified risk findings and recommendations
- key causes of the risk and the current status of the risk
- planned risk management actions.

Mr Carter advised that the Risk Management Policy and framework will be used to address the high priority risks and focus on the top 10 risks to improve the management of key risks.

Follow-Up:-

- Once a list has been finalised, the risk to be given an action plan and assigned to responsible officers and a time frame for completion to be implemented.
- A risk profile graph to be created highlighting the consequences and likelihood of the risks of QRL.

Mr Lambert outlined some minor changes of the policy directly to Mr Carter on pages 3 and 4 of the policy.

Motion moved by Mr Hanmer, seconded by Mr Lambert:-

The Board approved the amendments to the Risk Management Policy.

Carried

8. TAB Business Asset Risk and Sponsorship Plan

The Audit Committee confirmed that this workshop would be rescheduled from Monday 19 March 2007 to Thursday 3 May 2007.

Mr Carter confirmed that there were a number of issues that could be addressed, including:-

- Consolidating insurances for Industrial Special Risks and other
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Mr Carter advised that the theme was to create common services to improve efficiency.

Follow-Up:-

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- To highlight issues with the Club CEO's and Chairman.

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Mr Carter advised that he attended a meeting in Sydney on 16 January 2007 regarding Tristate Public Liability and was voted the Chairman of the three States.

Queensland has a bad claims history due to workers' compensation claims and due to common law claims, which are not covered under the jockey's Contract of Insurance with WorkCover Queensland. The claims are going against the Public Liability policy not covered under the trainer's policy. These are mainly from freelance trackwork riders.

Mr Carter advised that the outcome from the meeting was to settle claims as soon as realistically possible before the next meeting is held in April/May 2007.

The Audit Committee were advised that QRL has had no public liability claims since 1 July 2006 (as at 2 February 2007). Mr Hanmer suggested that this could be attributed in part to Chief Steward, Mr Sanders implementing safety checks at trials and other random checks that were in place.

Mr Carter said that for the 2007 year he was looking at reducing the premium by another 20%. It was confirmed that QR are taking a more active role in reviewing the claims and making recommendations with AON's assistance.

Follow-Up:-

- Mr Carter to look at reviewing excess for policy and legal service providers and settling claims from last 5 years.
- Mr Carter to provide an update from the next Tristate Public Liability meeting, which is scheduled for May 2007.

10. Other Business

10.1 BDO Kendalls – Client Service Plan

Mr Carter tabled correspondence dated 29 January 2007 from BDO Kendalls, Chartered Accountants and Advisers on the proposed audit timetable for the 2007 financial year.

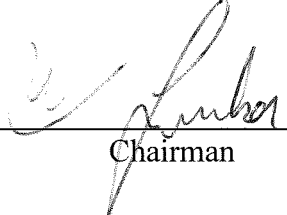
The Committee **NOTED** the following proposed audit dates:-

- First interim visit 16 April 2007
- Second interim visit 28 May 2007
- Final audit visit 13 August 2007

11. Next Meeting:-

The Chairman confirmed that the next Audit meeting would take place on **Friday 4 May 2007**. This meeting would take place after the club workshop which was scheduled for **Thursday 3 May 2007**.

The meeting closed at 9.13am.



Chairman

10-7-07

Date

Queensland Racing
Board Room
Racecourse Road, Deagon

Meeting commenced at 8.33am
Meeting concluded at 9.52am

Committee Members Present: Michael Lambert (Chairman)
Tony Hanmer

Also in Attendance: Mal Tuttle (items 1 & 2)
Adam Carter – Finance Manager
Darryl Kyle – Business Analyst

Minutes: Kelly Skuse – Board Secretary

The meeting commenced at 8.33am.

1. Confirmation of Minutes of 1 June 2007:-

The Committee **NOTED** the Audit Minutes from the last meeting on 1 June 2007.

The Committee made the following amendment to the minutes:-

• Item 12 – Quarterly Operational KPI's Update to April 2007 (Page 7)

The word “*due*” to be added to the second paragraph. This sentence to now read:-

“Mr Kyle reported that QRL is operating well in all areas mainly due to growth in our major revenue line and cost control over remuneration areas and the standard operating environment”

Motion moved by Mr Hanmer, seconded by Mr Lambert:-

That the Queensland Racing Audit Minutes for 1 June 2007 with the above amendment be received and confirmed.

Carried

2. Action Sheet:-

The **Committee** reviewed the action sheet and made the following comments:-

• **TAB Workshop**

- ▶ A date for the next TAB workshop was to be set and the Committee's availability was sought for either Monday 19 November 2007, Monday 26 November 2007 or Monday 3 December 2007. The Chairman was available

for the workshop on Monday 26 November 2007. Mr Hanmer was available for the workshop on Monday 3 December 2007.

Follow-Up:-

- ▶ The date to be confirmed at the next Audit Meeting on **Friday 7 September 2007** when the next TAB Workshop will take place.
- **AGM**

Discussion developed in relation to whether the AGM for QRL can be bought forward earlier than the scheduled date of 2 November 2007. Mr Carter reported that the financials will be ready by 7 September 2007.

 - ▶ The QRL AGM to be bought forward earlier if possible, from the scheduled date of 2 November 2007. The date to be confirmed at the next Audit Meeting on **Friday 7 September 2007**.

The Committee **NOTED** the action sheet.

3. Quarterly Operational KPI's (QRL – Internal)

See item 8.

4. Interim Audit Issues

In respect of the interim audit issues, Mr Carter highlighted the following:-

- **Cairns Bad Debt** – No formal response had been received from Cairns to date in relation to the debt in the sum of \$502,114.78. The administration subsidy is being deducted from this debt until it is extinguished, with no interest being charged.
- **Treatment of transfer of assets and liabilities to Queensland Racing Ltd** – On 1 July 2006 all assets, liabilities and ongoing responsibilities were transferred to Queensland Racing Limited.

Mr Hanmer inquired in regards to the location of the Certificate of Title for the Barcardine office and the importance of locating this.

- ▶ Shara Murray is following up and update to be provided to the Audit Committee.
- **Accounting treatment of RISA equity** – From 1 July 2007, QRL will hold 18% equity share in RISA and this investment will form part of the financial statements in FY 07/08.
- **Preparation of pro forma set of financial statements** – A draft set of financial statements are being prepared prior to the year-end audit visit. This will result in greater efficiency in completion of the audit.

- **IT Issues:** Access Security Controls, Service Level Agreement and Contract with Flexi Business Solutions, Off-Site Back Up, Disaster Recovery Plan, IT strategic plan – These items to be reviewed at the next Audit meeting on **Friday 7 September 2007**.

5. Financial Statements

Mr Carter advised that the surplus was due to a strong growth in wagering for the year, of 6.65% growth on FY 05/06, and the reduction in expenditure as compared to budget of \$1.2M resulted in QRL recording a surplus of \$8.63M up \$8.1M on budget. The surplus was also due to the land disposal at Bowen.

Mr Carter advised that he had reviewed all of the Deloitte recommendations and captured all end of year adjustments. The revaluation of assets for Bowen, Cairns, Barcaldine and Deagon totalled \$2.6 million.

The following were highlighted for the FY 2006/2007 in comparison to the FY 2005/2006:-

- Salaries, wages and associated costs were reduced
- Administration equivalent to FY 2005/2006
- Motor vehicle and travel expenses – equivalent to FY 2005 / 2006
- Prizemoney and other distributions, QTIS, racing expenses – increased by \$1.6 million
- Legal – increased by \$150K with the provision for Hogno & Lee. Dependant on whether insurance will cover this claim.

Discussions developed after Mr Hanmer inquired as to why if QRL had a contract with the Queensland Government's Racing Science Centre why it was necessary to contribute funds out of the contract. Mr Hanmer would discuss this item with the full Board at the Board meeting following this Audit meeting.

Mr Carter reported that the Queensland Race Product Co Limited 2006 / 2007 accounts were almost finalised.

Follow-Up:-

- ▶ The 2006/2007 financial statements to be presented at the next Audit Meeting on **Friday 7 September 2007**.
- ▶ The 2006 / 2007 financial statements to be circulated to the Board prior to this Audit meeting.

6. Key Performance Indicators (KPI's) – Clubs External

See item 8.

7. Internal Audit Plan – FY 2007 / 2008

Mr Carter presented the proposed 2007/2008 internal audit program by Deloitte.

Mr Carter advised that after reviewing the first draft of the Internal Audit Plan presented to the Committee at the last audit meeting on 1 June 2007, in his view the number of days can be reduced by 20 days.

Motion moved by Mr Hanmer, seconded by Mr Lambert:-

The Internal Audit Program (attachment "A") for the 2007-2008 year be approved, being a total of 49 days at a total cost per day of \$1,350 (excl of GST), totally \$66,150 for the year.

Carried

8. **Performance Measurement &**
3. **Quarterly Operational KPI's – (QRL Internal) &**
6. **Key Performance Indicators (KPI's) – Clubs External**

Mr Carter advised the Committee that these three items would be covered together.

Mr Carter stated that following previous Audit meetings and the TAB Club workshop, QRL had reviewed a web based application that employs sophisticated performance measurement and assessment tools to provide quick visual reports.

Mr Carter logged into the program which was called "EIS One" to show the Committee the capabilities of the system. He highlighted how the system would assist clubs in reporting to QRL at the end of each financial year and on a regular basis back to their Committee. Further analysis of financials can also be provided with the system and KPI's can be reviewed.

Mr Carter explained that the information needed to be loaded into the system. The system was user friendly, more visual and provided maximum impact. "EIS One" was also able to assist with budgeting processes and cash flow.

Motion moved by Mr Hanmer, seconded by Mr Lambert:-

The approval for the program "EIS-One" to be implemented for use by Queensland Racing and to be used for all TAB Clubs. The total cost per year being \$43,680 for 13 users including set up fees, annual subscriptions and training.

Carried

9. Gladstone Turf Club Review Update – August 2007

Mr Kyle reported to the Committee that QRL staff had assisted the Gladstone Turf Club in improving areas of identified weaknesses arising from the review conducted by Deloitte in the week ending Friday 20 May 2007.

Mr Kyle reported that he had spoken to the President and Secretary of the Club and they have indicated that they will table the Deloitte findings at their June meeting.

The Committee **NOTED** the report and also that a further review will be conducted mid to end of October 2007 to establish whether the Club has initiated any of the suggested shortfalls identified by Deloitte.

Follow-Up:-

- ▶ An update on the Gladstone Turf Club to be provided at the Audit Meeting on 2 November 2007.

10. Internal Audit Update – Payroll and Fixed Assets

Mr Carter presented the Committee the Internal Audit review of the payroll and fixed assets and issues raised by Deloitte.

Mr Carter confirmed that Deloitte has advised that effective control procedures in relation to the management of fixed assets and payroll has been maintained by QRL, subject to the outstanding matters raised.

Mr Carter stated that QRL management will continue to address the recommendations. An update will be provided to the Audit Committee on a quarterly basis of outstanding issues.

Follow-Up:-

- ▶ Mr Carter to provide an update at the Audit Committee meeting on 2 November 2007.

The Audit Committee **NOTED** the report and endorsed the management response on each of the issues.

11. Debtor's Write Off & Debtor's Update

Mr Carter advised that QRL had undertaken a rigorous debtor's collection process by implementing the QRL credit policy in line with best practice.

It was reported that a thorough review of the debt collection system was undertaken and a debt collection module was implemented in FY 06/07 called "*Debtors Collect.*"

Mr Carter tabled the recommendations for write off over \$2,000 in accordance with the QRL Credit Policy for the Audit Committee. The three items tabled were:-

• Carringbush Stud	\$ 4,200.00
• Townsville Turf Club Inc	\$ 6,272.27
• Tattersall's Racing Club	<u>\$ 3,000.00</u>
Total	\$13,472.27

The Committee **NOTED** the report and the excellent results that had been achieved with the low debtors' list.

Motion moved by Mr Hanmer, seconded by Mr Lambert:-

That the Audit Committee approve the write off of bad debts of \$13,472.27 as listed above.

Carried

Follow-Up:-

- ▶ Management to undertake a further review of any bad debts to Queensland Racing and report back to the Audit Committee at the meeting on 7 September 2007.

Tattersall's Racing Club Loan

Mr Hanmer raised the issue that in the Tattersall's Annual Report, there was listed in the financial statements a loan from the Tattersall's Racing Club to the Tattersall's Club in the sum of \$1M, which should be reviewed.

Mr Kyle confirmed that he had followed up with the Tattersall's Racing Club's previous Financial Controller and that the money is invested at 8% per annum and paid to the Tattersall's Racing Club. The Financial Controller was following up on the approval.

Follow-Up:-

- ▶ Mr Carter to await the 2006/2007 financial statements in the Tattersall's Annual Report to see if the loan from Tattersall's Racing Club to the Tattersall's Club in the sum of \$1M was ever authorised.

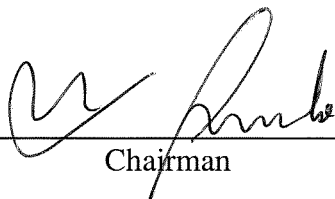
12. Other Business

No general business was raised.

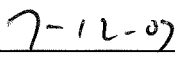
13. Next Meeting Date – Friday 7 September 2007

The Chairman confirmed that the next Audit meeting would take place on **Friday 7 September 2007**.

The meeting closed at 9.52am.



Chairman



Date

Minutes of Audit Committee Meeting
Friday 7 September 2007

Queensland Racing
Board Room
Racecourse Road, Deagon

Meeting commenced at 8.30am
Meeting concluded at 9.30am

Committee Members Present: Michael Lambert (Chairman)
Tony Hanmer

Also in Attendance: Adam Carter – Finance Manager
Darryl Kyle – Business Analyst
David Rowan – IT & T Manager (Item 7)

Minutes: Kelly Skuse – Board Secretary

The meeting commenced at 8.30am.

1. Confirmation of Minutes of 3 August 2007:-

The Committee **NOTED** the Audit Minutes from the last meeting on 3 August 2007.

The Committee made the following comments in relation to items in the minutes:-

- **Queensland Principal Club & Ors –ats- Hogno & Lee** – Mr Carter confirmed that the insurer CGU will cover liability for this claim and the amount will be written back to the accounts in the 07/08 year.
- **Cairns Bad Debt** – confirmed that there was no interest being charged on the Cairns bad debt.

The Committee made the following amendment to the minutes:-

- **Item 4 – Interim Audit Issues – Accounting treatment of RISA equity(Page 2)**

The share of 19% to be amended to 18%. This sentence to now read:-

“From 1 July 2007, QRL will hold 18% equity share in RISA and this investment will form part of the financial statements in 07/08.”

Motion moved by Mr Hanmer, seconded by Mr Lambert:-

That the Queensland Racing Audit Minutes for 3 August 2007 with the above amendment be received and confirmed.

Carried

2. Action Sheet:-

The **Committee** reviewed the action sheet and made the following comments:-

- **Audit Meetings**

That there was a large number of items which were on the action sheet for discussion at the November 2007 meeting and the Committee were of the view that the items should be covered over two meetings.

Follow-Up:-

- ▶ The Committee suggested an audit meeting in November and December 2007 to enable all items on the action sheet to be covered.

- **Audit Workshop**

Follow-Up:-

- ▶ The Audit workshop is scheduled for **Monday 19 November 2007**. The Chairman, Mr Bentley advised this should be postponed until further notice due to Equine Influenza.

- **Tattersall's Racing Club Loan**

Follow-Up:-

- ▶ QRL to write to Michael Paramor, CEO of the Tattersall's Club to find out the position in relation to the loan from Tattersall's Racing Club to Tattersall's Club.

3. BDO Kendalls - Audit Issues

Mr Damian Wright, Partner of BDO Kendalls attended at the meeting and discussed the financials with the Committee, Mr Carter and Mr Kyle.

Mr Wright raised one issue, being the loan to the Cairns Jockey Club (CJC). BDO Kendalls were of the view that the loan was impaired because QRL were not charging interest and taking a deduction from their subsidy for interest. It was highlighted by BDO Kendalls that the offer to settle by the CJC was worth more than QRL would recover.

The Committee advised Mr Wright that they would discuss this issue with the full Board, which was meeting immediately following this meeting.

Mr Carter suggested that his recommendation was to raise a provision in the accounts for \$200,000. Mr Lambert agreed that the accounts did not reflect the true situation and that an adjustment was required to allow for the impairment.

Mr Carter suggested that he and Mr Wright will calculate the adjustment for the CJC loan and Mr Carter to present to the Board meeting following for approval.

4. 2006 / 2007 Annual Financial Statements

QRL

The Committee **NOTED** the 2006/2007 Queensland Racing Limited Draft Annual Financial Statements.

Mr Carter reported that QRL recorded a strong growth in wagering of 6.65% on FY05/06, and the reduction in expenditure as compared to budget of \$1.2M which resulted in QRL recording a surplus of \$8.6M. Mr Carter advised that this was mainly due to the increase in the Product and Program fees of \$5.9M or 6.7% on FY05/06.

Mr Carter highlighted to the Board the year on year operating costs from when the Board came into effect FY01/02 to date. Administration costs had been contained from FY 01/02 to date and product and program fee had increased by over 38% in a 5 year period to date. Prizemoney had increased by 32% from FY 01/02 to date.

Follow-Up:-

- ▶ Mr Lambert will provide Mr Carter with some amendments to the Directors' report of the financials.

Queensland Race Product Co Limited (Product Co)

The Committee noted that there were no audit issues raised for Product Co and the financials are required to be approved by Product Co Directors. Mr Carter confirmed that this would be done by way of a flying minute.

5. Cairns Jockey Club (CJC) – Loan Outstanding

Mr Carter advised that at the Board meetings on 1 June and 3 August 2007, the CJC issue of the repayment of the loan was raised, together with the option of setting up a trust and the offer in the sum of \$250K from the CJC for the repayment of the loan.

As discussed earlier, Mr Carter advised the Committee that BDO Kendalls have proposed an audit adjustment and advised that QRL should provide for the Cairns loan in full. Mr Carter stated that at present there is no formal loan agreement with the CJC and no interest is being charged on the loan.

Motion moved by Mr Hanmer, seconded by Mr Lambert:-

That the CJC debt be recovered in full by netting off the administration subsidy on a monthly basis and requesting the club to make annual payments to reduce the debt. The debt to be reviewed and a loan agreement to be signed with the CJC to ensure the certainty of the time period that the debt will be repaid by.

Carried

Follow-Up:-

- ▶ ***The issue of the loan to the CJC to be raised again at the QRL Board meeting in response to CJC letter to QRL offering \$250K settlement.***

6. Bad Debts Review

Mr Carter provided an update to the Committee on the bad debts to seek their approval to write off bad debts as at 30 June 2007.

Mr Carter reported that QRL had undertaken a rigorous debtor's collection process by implementing a credit policy in line with best practice. He said a thorough review of the debt collection system was undertaken and a debt collection module was implemented in FY 06/07 called "*debtors collect*". Mr Carter stated that this had been a very valuable knowledge base and valuable tool to assist with the follow up of and automation of debt.

Mr Carter stated that QRL had made every effort to collect these debts, which were all over 10 weeks old and finance does not believe that these debts will be recoverable.

Motion moved by Mr Hanmer, seconded by Mr Lambert:-

That the Audit Committee approve the proposed debt for write off in the sum of \$13,472.27, which is above management's delegation limit of \$2,000.

Carried

The Audit Committee noted the sum of \$9,646.33 had been written off, which is in the delegation limit of management.

The audit Committee noted that a total of \$39,699.52 had been written off in the FY 06/07 which is 4% of total debtors outstanding as at 30 June 2007, being \$965,705.

7. IT Internal Audit Update***Present – Mr Rowan***

Mr Rowan discussed the IT internal audit update with the Committee. It was confirmed that the status of the majority of actions were complete or underway.

In relation to the development of a three year strategic IT plan outlining the key IT initiatives, Mr Rowan stated that this plan will follow closely with the QRL business strategic plan that was developed earlier in the year. Mr Rowan reported that the IT strategic plan will be completed by December 2007. (*Due to Equine Influenza this is now scheduled for June 2008*).

Mr Rowan reported that other key items which were underway were the information policies, security of information and an information management policy.

In relation to the Disaster Recovery Plan, Mr Rowan advised that he had investigated proposals in relation to disaster recovery sites and was in the process of compiling a

plan deciding the best option for QRL. He also stated that he was compiling some business impact assessments and working with other departments to ensure in the event of a disaster the continuity of the business is maintained. He said that Deloitte were going to audit the entire plan.

Mr Hanmer inquired whether QRL was experiencing any electricity interruptions and Mr Rowan reported that the generator had addressed any previous power outages and solved this issue.

Follow-Up:-

- ▶ Mr Rowan will compile a Board paper for the December Board meeting outlining where the allocations of IT monies are to be spent.

8. Other Business

Mr Kyle advised that the audit report on the Cairns Jockey Club (CJC) had been received from Deloitte. It was reported that they required some improvements in relation to capital expenditure.

Mr Kyle confirmed that the Deloitte report had been forwarded to the CJC for discussion at their Board meeting.

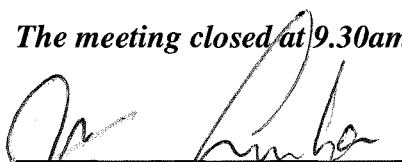
Follow-Up:-

- ▶ Mr Kyle and Ms Murray to compile a Board paper for the December Board meeting in relation to the CJC.

9. Next Meeting Date – Friday 2 November 2007

The Chairman confirmed that the next Audit meeting would take place on **Friday 2 November 2007**.

The meeting closed at 9.30am.


Chairman

25-12-07
Date

Minutes of Audit Committee Meeting
Friday 7 September 2007

Queensland Racing
Board Room
Racecourse Road, Deagon

Meeting commenced at 8.30am
Meeting concluded at 9.30am

Committee Members Present: Michael Lambert (Chairman)
Tony Hanmer

Also in Attendance: Adam Carter – Finance Manager
Darryl Kyle – Business Analyst
David Rowan – IT & T Manager (Item 7)

Minutes: Kelly Skuse – Board Secretary

The meeting commenced at 8.30am.

1. Confirmation of Minutes of 3 August 2007:-

The Committee **NOTED** the Audit Minutes from the last meeting on 3 August 2007.

The Committee made the following comments in relation to items in the minutes:-

- **Queensland Principal Club & Ors –ats- Hogno & Lee** – Mr Carter confirmed that the insurer CGU will cover liability for this claim and the amount will be written back to the accounts in the 07/08 year.
- **Cairns Bad Debt** – confirmed that there was no interest being charged on the Cairns bad debt.

The Committee made the following amendment to the minutes:-

- **Item 4 – Interim Audit Issues – Accounting treatment of RISA equity(Page 2)**

The share of 19% to be amended to 18%. This sentence to now read:-

“From 1 July 2007, QRL will hold 18% equity share in RISA and this investment will form part of the financial statements in 07/08.”

Motion moved by Mr Hanmer, seconded by Mr Lambert:-

That the Queensland Racing Audit Minutes for 3 August 2007 with the above amendment be received and confirmed.

Carried

2. Action Sheet:-

The **Committee** reviewed the action sheet and made the following comments:-

- **Audit Meetings**

That there was a large number of items which were on the action sheet for discussion at the November 2007 meeting and the Committee were of the view that the items should be covered over two meetings.

Follow-Up:-

- ▶ The Committee suggested an audit meeting in November and December 2007 to enable all items on the action sheet to be covered.

- **Audit Workshop**

Follow-Up:-

- ▶ The Audit workshop is scheduled for **Monday 19 November 2007**. The Chairman, Mr Bentley advised this should be postponed until further notice due to Equine Influenza.

- **Tattersall's Racing Club Loan**

Follow-Up:-

- ▶ QRL to write to Michael Paramor, CEO of the Tattersall's Club to find out the position in relation to the loan from Tattersall's Racing Club to Tattersall's Club.

3. BDO Kendalls - Audit Issues

Mr Damian Wright, Partner of BDO Kendalls attended at the meeting and discussed the financials with the Committee, Mr Carter and Mr Kyle.

Mr Wright raised one issue, being the loan to the Cairns Jockey Club (CJC). BDO Kendalls were of the view that the loan was impaired because QRL were not charging interest and taking a deduction from their subsidy for interest. It was highlighted by BDO Kendalls that the offer to settle by the CJC was worth more than QRL would recover.

The Committee advised Mr Wright that they would discuss this issue with the full Board, which was meeting immediately following this meeting.

Mr Carter suggested that his recommendation was to raise a provision in the accounts for \$200,000. Mr Lambert agreed that the accounts did not reflect the true situation and that an adjustment was required to allow for the impairment.

Mr Carter suggested that he and Mr Wright will calculate the adjustment for the CJC loan and Mr Carter to present to the Board meeting following for approval.

4. 2006 / 2007 Annual Financial Statements

QRL

The Committee **NOTED** the 2006/2007 Queensland Racing Limited Draft Annual Financial Statements.

Mr Carter reported that QRL recorded a strong growth in wagering of 6.65% on FY05/06, and the reduction in expenditure as compared to budget of \$1.2M which resulted in QRL recording a surplus of \$8.6M. Mr Carter advised that this was mainly due to the increase in the Product and Program fees of \$5.9M or 6.7% on FY05/06.

Mr Carter highlighted to the Board the year on year operating costs from when the Board came into effect FY01/02 to date. Administration costs had been contained from FY 01/02 to date and product and program fee had increased by over 38% in a 5 year period to date. Prizemoney had increased by 32% from FY 01/02 to date.

Follow-Up:-

- ▶ Mr Lambert will provide Mr Carter with some amendments to the Directors' report of the financials.

Queensland Race Product Co Limited (Product Co)

The Committee noted that there were no audit issues raised for Product Co and the financials are required to be approved by Product Co Directors. Mr Carter confirmed that this would be done by way of a flying minute.

5. Cairns Jockey Club (CJC) – Loan Outstanding

Mr Carter advised that at the Board meetings on 1 June and 3 August 2007, the CJC issue of the repayment of the loan was raised, together with the option of setting up a trust and the offer in the sum of \$250K from the CJC for the repayment of the loan.

As discussed earlier, Mr Carter advised the Committee that BDO Kendalls have proposed an audit adjustment and advised that QRL should provide for the Cairns loan in full. Mr Carter stated that at present there is no formal loan agreement with the CJC and no interest is being charged on the loan.

Motion moved by Mr Hanmer, seconded by Mr Lambert:-

That the CJC debt be recovered in full by netting off the administration subsidy on a monthly basis and requesting the club to make annual payments to reduce the debt. The debt to be reviewed and a loan agreement to be signed with the CJC to ensure the certainty of the time period that the debt will be repaid by.

Carried

Follow-Up:-

- ▶ ***The issue of the loan to the CJC to be raised again at the QRL Board meeting in response to CJC letter to QRL offering \$250K settlement.***

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Mr Carter provided an update to the Committee on the bad debts to seek their approval to write off bad debts as at 30 June 2007.

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Mr Carter stated that QRL had made every effort to collect these debts, which were all over 10 weeks old and finance does not believe that these debts will be recoverable.

Motion moved by Mr Hanmer, seconded by Mr Lambert:-

That the Audit Committee approve the proposed debt for write off in the sum of \$13,472.27, which is above management's delegation limit of \$2,000.

Carried

The Audit Committee noted the sum of \$9,646.33 had been written off, which is in the delegation limit of management.

The audit Committee noted that a total of \$39,699.52 had been written off in the FY 06/07 which is 4% of total debtors outstanding as at 30 June 2007, being \$965,705.

7. IT Internal Audit Update***Present – Mr Rowan***

Mr Rowan discussed the IT internal audit update with the Committee. It was confirmed that the status of the majority of actions were complete or underway.

In relation to the development of a three year strategic IT plan outlining the key IT initiatives, Mr Rowan stated that this plan will follow closely with the QRL business strategic plan that was developed earlier in the year. Mr Rowan reported that the IT strategic plan will be completed by December 2007. (*Due to Equine Influenza this is now scheduled for June 2008*).

Mr Rowan reported that other key items which were underway were the information policies, security of information and an information management policy.

In relation to the Disaster Recovery Plan, Mr Rowan advised that he had investigated proposals in relation to disaster recovery sites and was in the process of compiling a

plan deciding the best option for QRL. He also stated that he was compiling some business impact assessments and working with other departments to ensure in the event of a disaster the continuity of the business is maintained. He said that Deloitte were going to audit the entire plan.

Mr Hanmer inquired whether QRL was experiencing any electricity interruptions and Mr Rowan reported that the generator had addressed any previous power outages and solved this issue.

Follow-Up:-

- ▶ Mr Rowan will compile a Board paper for the December Board meeting outlining where the allocations of IT monies are to be spent.

8. Other Business

Mr Kyle advised that the audit report on the Cairns Jockey Club (CJC) had been received from Deloitte. It was reported that they required some improvements in relation to capital expenditure.

Mr Kyle confirmed that the Deloitte report had been forwarded to the CJC for discussion at their Board meeting.

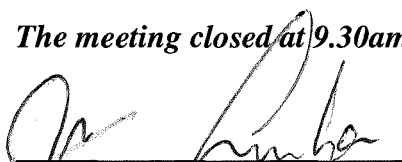
Follow-Up:-

- ▶ Mr Kyle and Ms Murray to compile a Board paper for the December Board meeting in relation to the CJC.

9. Next Meeting Date – Friday 2 November 2007

The Chairman confirmed that the next Audit meeting would take place on **Friday 2 November 2007**.

The meeting closed at 9.30am.


Chairman

25-12-07
Date

**Minutes of Audit Committee Meeting
Friday 7 March 2008**

**Queensland Racing
Board Room
Racecourse Road, Deagon**

**Meeting commenced at 8.30am
Meeting concluded at 9.35am**

Committee Members Present: Michael Lambert (Chairman)
Tony Hanmer

Also in Attendance: Adam Carter – *Finance Manager*
Ron Mathofer – *Business Analyst*

Apologies: Malcolm Tuttle- *Chief Operations Manager*

Minutes: Laura Hains – *Board Secretary*

The meeting commenced at 8.30am.

1. Confirmation of Minutes of 7 December 2007:-

The Committee **NOTED** the Audit Minutes from the last meeting on 7 March 2008.

The Committee made the following amendment to the minutes:-

• **Item 11.1 Commercial Horse Assistance Payment Scheme (CHAPS) (Page 5)**

In the first paragraph, on the last line, the words “*compare value for service to*” to be removed. This sentence to now read:-

“Mr Carter has approached Pricewaterhouse Coopers and Deloitte to assess the value of auditing CHAPS.”

Carried

2. Action Sheet:-

The **Committee** reviewed the action sheet and made the following comments:-

• **TAB Workshop**

- **Interim Audit Issues**

Mr Carter advised that nothing had been finalised as yet. Shara Murray is still the responsible officer for finalising the location of the Certificate of Title for the Barcaldine office.

- **Tattersall's Racing Clubs Loan**

Mr Hanmer exhibited the Tattersall's Annual Report

Mr Carter to formally write to Michael Paramour, CEO of Tattersall's Club to find out the position in relation to the loan from Tattersall's Racing Club to Tattersall's Club, to date we have not received a reply. Mr Lambert requested Mr Carter to write to Mr Paramor again.

- ▶ Mr Carter to write again to Michael Paramour, CEO of Tattersall's Club to find out the position in relation to the loan from Tattersall's Racing Club to Tattersall's Club an

- **Cairns Jockey Club Internal Audit Deloitte**

QRL provided the Cairns Jockey Club (CJC) with a \$250K loan, CJC have only paid back \$100K and are 2 instalments behind. This will be raised again at the board meeting.

ACTION – “Non-TAB financial reporting issues” is to be placed on the Agenda of the Queensland Country Racing Committee.

The Committee **NOTED** the action sheet.

Item 3. Non TAB Corporate Governance and Financial Assessment of Kilcoy, Dalby, Longreach and Lockyer Race Clubs.

In late 2007 Deloitte conducted assessments of Kilcoy, Dalby, Longreach and Lockyer Race Clubs in regards to their Corporate Governance and Financial Operations. Mr Carter provided an overview of the Deloitte assessments. Any issues of significance that were highlighted in the audits have been formally addressed in writing to the clubs and responses have been difficult to get with the exception of Kilcoy.

Any deficiencies highlighted by Deloitte in the QRL Club Financial Management Procedures Manual will be improved.

In response to the Equine Influenza outbreak a risk and crisis management workshop for the major non tab clubs will be held in March 2008 where the clubs president and the Treasurer and/or secretary will attend.

Mr Lambert commented that maybe we have set the benchmark too high for the assessment of non-TAB clubs. Mr Carter advised that the audits were scaled back to take into account they are non-TAB clubs comprised of volunteers and a lot smaller than TAB Clubs. Mr Carter also advised that they were only chosen because they hold more than 8 race meetings a year. Any club that holds less will be considered in the financial year 2008/2009.

Mr Carter suggested that QRL should provide more support in terms of training and developing the Race Club Financial Management Procures Manual and compliance with QRL policies on the QRL website to non-TAB racing clubs in particular clubs that hold a large amount of races.

Mr Carter suggested adopting Racing Victoria's Club Financial Management Model in regards to Non-Tab clubs; this would involve QRL taking on their central financial functions.

Mr Lambert recommended that at least every two years clubs are to be contacted and informally/formally reviewed. Mr Carter is to make contact with Townville and Mackay.

Follow-Up:-

- ▶ Mr Carter to review all TAB Clubs that have not been reviewed in past two years and perform a follow up assessment.

4. Key Performance Indicators – Clubs - External

Mr Carter presented the Committee with an update on a performance measurement system for financial and non financial KPI's for the 9 TAB clubs.

Mr Carter advised that some of the data was unavailable from the clubs, Targets may have been set too high and are unattainable and also that consultation with the clubs has not been made in regards to these targets. Different targets should be set for metro and provincial clubs.

Following on from a detailed discussion on the KPI reporting document, Mr Lambert advised that the document needs to be filtered and simplified. Mr Carter is to seek input from the Racing Services Manager & the Director of Integrity Operations before reviewing & simplifying the document.

Follow –up:-

- ▶ Mr Carter to map clubs evaluation criteria.
- ▶ Mr Carter / Mr Mathofer to provide the definition of each of the financial and non financial performance measures.
- ▶ KPI document to be filtered to only include data of significance and then simplified for the reader.

- ▶ Mr Carter to provide presentation on the revised KPI document at the Audit Committee meeting on 5 September 2008.

The Committee **NOTED** the KPI's and that they would be finalised for the TAB workshop.

5. Commercial Horse Assistant Payment Scheme (CHAPS) - Audit paper

Mr Carter presented the committee with an audit paper from Deloitte on the Commercial Horse Assistant Payment Scheme (CHAPS) to enable further discussion.

Mr Lambert feels that the report lacks balance and is somewhat alarmist. Instead of being written as an internal audit report it needs to be written as an independent review of the system with greater explanation of the background, the limited time in which the system was required to be put in place and the subsequent modifications that have been made to address problems as they have been identified.

Mr Carter advised that CHAPS handled more than half of QRL's annual turnover with a vast number of transactions processed for the period.

The Committee **NOTED** the draft report and have **AGREED** for Finance to engage Deloitte to review CHAPS III and have the background expanded and integrated into the conclusion and summary for CHAPS I, II and III

Follow -up:-

- ▶ Mr Carter to approach Deloitte and have the background of this document expanded and integrated into the conclusion and summary

6. Update Review of Non-TAB Club Financials FY 06/07 (verbal)

Mr Carter updated that there is 25 Combined TAB & Non TAB clubs that have not submitted their financial reviews. It was decided at the December 07 meeting that any Clubs who had not sent in their financials by 31 December 07 and had not requested an extension would be fined \$200 for late submission. This has not occurred.

Mr Mathofer advised that he has taken a specific interest in sorting through the clubs that have not submitted their financial reviews; he has noted a trend in that it is the same clubs each year that are late on submitting. Mr Lambert asked that Mr Mathofer contact each club individually and chase these up.

Mr Lambert mentioned that there needs to be a commitment and consistency from QRL that they will take action against clubs not complying with the financial practices in regards to End of Year financial review submissions.

Mr Carter said that he was trying to project the message out to these clubs the importance of these financials and suggested that this item be placed on the next Country Racing Committee in February 2008.

Follow-Up:-

- ▶ Mr Carter to look at seeking to obtain a common system for the accounting and audit process and try to implement in the 08/09 financial year.
- ▶ Outstanding Non-TAB Club financials to be placed on the Country Racing Committee agenda in February 2008.
- ▶ Mr Mathofer to contact all clubs who have not submitted their Financial reviews.

7. Risk and Crisis Management Club Workshops

Mr Carter advised that due to Equine Influenza QRL has identified a lack of awareness of risk and crisis management in the industry and is therefore seeking assistance to provide:

- Education around managing risk
- Education and planning for crisis
- Preparation of an industry wide risk management policy that can be applied to all key participants in the Queensland Racing Industry
- Development of a Race Day Risk Management process
- Development of an EI lessons learn summary paper.

QRL are going to conduct Risk and Crisis Management Workshops, some of the key objectives of this engagement are:

- Develop training and awareness material around risk and crisis management, tailor to the racing industry
- Deliver risk and crisis management training and awareness sessions to key stakeholders in the racing industry
- Develop an industry wide risk management policy
- Develop race day risk management policy
- Develop an EI lessons learn summary paper.

Mr Carter advised that the financial impact will be around \$100K to conduct the workshops for all TAB and Non TAB Clubs. There will be 5 workshops overall breaking the race clubs into the following categories.

- TAB
- Non-TAB South East
- Non-TAB Rockhampton
- Non TAB Townsville
- Non-TAB Cairns

The scheduling of these workshops is a commitment in the QRL business plan.

The committee **NOTED** the update.

8. Other Business

8.1 AGM

The Committee mentioned the possibility of moving the AGM forward if we can get the Annual Financial Statements signed off on the 5 September Board meeting.

8.2 BDO Kendalls

Interim Audit starts week beginning – 21 April 2008

Final Audit starts week beginning – 18 August 2008.

This date has not been confirmed by BDO Kendalls. The plan is to finalise the Annual Financial Statements by the 5 September Audit Committee and Board Meeting.

The meeting closed at 9.35am.

Chairman

Date

Minutes of Audit Committee Meeting
Friday 6 June 2008

Queensland Racing
Board Room
Racecourse Road, Deagon

Meeting commenced at 8.30am
Meeting concluded at 9.20am

Committee Members Present: Michael Lambert (Chairman)
Tony Hanmer

Also in Attendance: Adam Carter – *Finance Manager*
Ron Mathofer – *Business Analyst*

Apologies: Malcolm Tuttle- *Chief Operations Manager*

Minutes: Laura Hains – *Board Secretary*

The meeting commenced at 8.30am.

1. Confirmation of Minutes of 7 March 2008:-

The Committee **NOTED** the Audit Minutes from the last meeting on 7 March 2008.

The Committee made the following amendment to the minutes:-

Item 7: Risk and Crisis Management Club Workshops

The word '*lesions learn*' on the last dot point of the key objectives section be changed to 'lessons learn'

The committee **RESOLVED** that the QRL Audit Meeting Minutes of 7 March 2008 with the above amendment be received and confirmed.

MOVED by Mr Tony Hanmer., **SECONDED** by Mr Adam Carter

2. Action Sheet:-

The **Committee** reviewed the action sheet and made the following comments:-

KEY PERFORMANCE INDICATORS (KPI'S) (CLUBS- EXTERNAL)

Mr Carter and Mr Mathofer have been liaising with TAB Clubs in regards to personalising Key Performance Indexes (KPI) for the new database EIS-One performance measurement.

EI WORKSHOP

Mr Carter advised that the EI Workshops are still underway. The Finance area is putting together an EI Lessons learnt paper.

RISK MANAGEMENT PLAN

Mr Carter advised that the Risk Management Plan should be updated at the same time as the Business Plan and presented at the September meeting.

FINANCIAL MANAGEMENT PRACTICE MANUAL (FMPM)

Mr Carter advised that from the Risk and Crisis management workshops held the feedback on the FMPM is to make it more user friendly, Mr Carter suggested some key improvements being more checklists and flow charts or process maps to assist the clubs. This will assist with staff continuity when there is a handover between Treasurers and Club Secretaries given the volunteers at Non TAB clubs.

Mr Lambert made comment on the continuity of Treasurers at Race Clubs. Mr Lambert will raise this issue at the Board meeting which is to follow.

TATTERSALL'S RACING CLUB LOAN

Mr Hanmer advised that he has spoken with Mr Paramor. Adam Carter advised that he will follow up with Tattersall's Race Club on the status of the loan and will aim to have it resolved by the next audit meeting in September. //

NON TAB CLUBS

Once Financials have been received the major strategic Non TAB clubs will be incorporated in the EIS One performance measurement system for the year ended 30 June 2008.

The Committee **NOTED** the action sheet.

Item 3. INTERNAL AUDIT UPDATE – REVENUE COLLECTION

Mr Carter provided the committee with an overview of the Internal Audit conducted by Deloitte on QRL's Revenue Collection.

Mr Carter advised that Deloitte's engagement was to assess whether:

- Existing policies and procedures in respect of revenue collection are in practice and that they are communicated effectively to the respective QRL personnel.
- Adequate controls are implemented to mitigate associated risk for the processes involved in the processing and receipting of revenue sources.

The only issue of significance was recipient created tax invoices and Mr Carter advised that this will be addressed in the new Financial Year.

Mr Carter advised that the ATO are currently doing a review of all PRA's.

Follow-Up:-

- ◆ Mr Lambert requested that Mr Carter arrange a schedule of all internal audit issues raised and provide a follow up on them. Mr Lambert also asked that Mr Carter keep the Committee updated on the Revenue Collection Audit.

Item 4. INTERNAL AUDIT UPDATE – SPONSORSHIP, FUNDING AND MARKETING ACTIVITIES

Mr Carter advised the committee of the Internal Audit review of QRL's Sponsorship, Funding and Marketing Activities and issues raised by Deloitte's.

Mr Carter advised that as part of the Internal Audit plan for FY 07/08, Deloitte were asked to conduct a review of the Sponsorship, Funding and Marketing Activities.

Mr Carter advised that Deloitte's engagement was to assess whether:

- there are adequate controls around the processes for determining sponsorship and funding arrangements
- Cost benefit analysis is undertaken for a particular marketing activity in order to determine its risk and rewards
- The return on investment for sponsorship and funding arrangements are measurable and quantifiable.

The objectives for the sponsorship, funding and marketing arrangements meet QRL's strategic objectives.

There were several control weaknesses of concern identified in the following areas:

- Sponsorship policy
- Three year rolling plan
- Consistent Marketing and Sponsorship strategy
- Cost and benefit maximisation.

Mr Carter advised the committee that there was no policy for the industry. Mr Hanmer recommended that the QR policy be revised and that a second policy be developed for the industry.

Mr Hanmer requested that once the QRL policy was created he would like to review it. Mr Lambert advised he will raise this issue at the QRL Board meeting to be held at the conclusion of this audit meeting.

Follow –up:

- ◆ Tony Hanmer to review the Draft QRL policy once created.
- ◆ An industry sponsorship policy to be developed for the industry.
- ◆ Mr Lambert to raise the issue at the June QRL Board meeting.

The Committee **NOTED** the update.

Item 5. COMMERCIAL HORSE ASSISTANCE PAYMENT SCHEME (CHAPS) AND EI HARDSHIP GRANT ASSESSMENT REVIEW.

Mr Carter provided the committee with the Assessment review of the Commercial Horse Assistance Payment Scheme (CHAPS I, II and III) and the EI Hardship Grant by Deloitte's.

Any prior issues raised by the auditors of CHAPS I and II have been addressed. No major issues were highlighted and a number of trainers have not complied with the funding guidelines provided by DAFF and have been invoiced. QRL is following up on the debt recovery process.

QRL was waiting on the Government audit report

The final report had been submitted on May 15, 2008 for CHAPS I, II & III. Total paid for the 3 periods was approximately \$55M to 924 trainers for 7,788 horses. 30% was retained by the trainers and 70% passed on to the owners. \$9.7M was paid out in the form of retained funds to other industry participants.

The Committee **NOTED** the report which gives a good overview of CHAPS I, II & III.

Follow -up:

- ◆ Mr Carter to provide the Government audit report of CHAPS to the audit committee once received.

Item 6. INTERNAL AUDIT PLAN FY 2008/2009

Mr Carter provided the Committee with the draft proposed 2008/2009 to 2010/2011 Internal Audit program.

The committee commented on the following audit areas:

4. Fraud Prevention and Detection (Including Fraud Policy compliance)

- The Fraud Policy has not been developed to date and will be developed by Mr Carter and Mr Orchard – Director of Integrity Operations.
- QRL to create as much as possible then have Deloitte review.

5. Corporate Social Responsibility

- To be removed

6. Capital Planning

- For QRL & Clubs

8. Club FMPM

- QRL to review before Deloitte
- Already in Draft form.

10. Purchasing

- Terms of reference for each 08/09 review.

12. Privacy Policy Assessment

- To be removed.

Follow-Up:

- ◆ Adam Carter to provide the committee the updated Strategic Internal Audit Plan for FY08/09 TO FY10/11 at the next audit meeting.

**Item 7. EXTERNAL AUDITORS – BDO KENDALLS – INTERIM
AUDIT ISSUES**

Mr Carter updated the committee of BDO Kendall's interim audit visit and the issues and management responses they have highlighted.

Mr Carter advised the committee that he intends to have the FY07/08 end of year financials ready for the external auditors by the 18 August 2008. Mr Carter recommended that an audit meeting be set for 8 August to run through the draft management reports for 30 June 2008. The draft financials statements are to be reviewed by the audit committee prior to sign off. Official sign off to occur at the Board Meeting on 5 September 2008.

The committee **NOTED** the BDO Kendall's interim audit report.

Follow up:

- ◆ Draft Financial Statements to be distributed for comment to the audit committee prior to the auditors starting on the 18 August 2008.
- ◆ Committee Secretary to speak with Chairman and Mr Carter in relation to an additional Audit meeting in August for the discussion of Draft Financials for FY07/08.

**Item 8. UPDATE OF REVIEW OF NON –TAB CLUB
FINANCIALS FY06/07**

Mr Mathofer advised the committee that at the last meeting there were 25 Non-TAB clubs with outstanding financials for FY06/07 and this has now been reduced to 4 Non-TAB Clubs

- ◆ Mount Perry – received just prior to audit committee meeting
- ◆ Herbert River – still outstanding despite reminder letters, and other communication methods

-
- ◆ Hughenden – still outstanding despite reminder letters, and other communication methods
 - ◆ Kumbia – still outstanding despite reminder letters, and other communication methods
 - ◆ Julia Creek – still outstanding despite reminder letters, and other communication methods

Mr Mathofer advised that these are the same clubs that routinely in the past have been late or not supplied the required information

The committee **NOTED** the update provided by Mr Mathofer

The meeting closed at 9.20am.

Chairman

Date

Minutes of Audit Committee Meeting
Friday 6 June 2008

Queensland Racing
Board Room
Racecourse Road, Deagon

Meeting commenced at 8.30am
Meeting concluded at 9.20am

Committee Members Present: Michael Lambert (Chairman)
Tony Hanmer

Also in Attendance: Adam Carter – *Finance Manager*
Ron Mathofer – *Business Analyst*

Apologies: Malcolm Tuttle- *Chief Operations Manager*

Minutes: Laura Hains – *Board Secretary*

The meeting commenced at 8.30am.

1. Confirmation of Minutes of 7 March 2008:-

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The Committee made the following amendment to the minutes:-

Item 7: Risk and Crisis Management Club Workshops

The word '*lesions learn*' on the last dot point of the key objectives section be changed to 'lessons learn'

The committee **RESOLVED** that the QRL Audit Meeting Minutes of 7 March 2008 with the above amendment be received and confirmed.

MOVED by Mr Tony Hanmer., **SECONDED** by Mr Adam Carter

2. Action Sheet:-

The **Committee** reviewed the action sheet and made the following comments:-

KEY PERFORMANCE INDICATORS (KPI'S) (CLUBS- EXTERNAL)

Mr Carter and Mr Mathofer have been liaising with TAB Clubs in regards to personalising Key Performance Indexes (KPI) for the new database EIS-One performance measurement.

EI WORKSHOP

Mr Carter advised that the EI Workshops are still underway. The Finance area is putting together an EI Lessons learnt paper.

RISK MANAGEMENT PLAN

Mr Carter advised that the Risk Management Plan should be updated at the same time as the Business Plan and presented at the September meeting.

FINANCIAL MANAGEMENT PRACTICE MANUAL (FMPM)

Mr Carter advised that from the Risk and Crisis management workshops held the feedback on the FMPM is to make it more user friendly, Mr Carter suggested some key improvements being more checklists and flow charts or process maps to assist the clubs. This will assist with staff continuity when there is a handover between Treasurers and Club Secretaries given the volunteers at Non TAB clubs.

Mr Lambert made comment on the continuity of Treasurers at Race Clubs. Mr Lambert will raise this issue at the Board meeting which is to follow.

TATTERSALL'S RACING CLUB LOAN

Mr Hanmer advised that he has spoken with Mr Paramor. Adam Carter advised that he will follow up with Tattersall's Race Club on the status of the loan and will aim to have it resolved by the next audit meeting in September. //

NON TAB CLUBS

Once Financials have been received the major strategic Non TAB clubs will be incorporated in the EIS One performance measurement system for the year ended 30 June 2008.

The Committee **NOTED** the action sheet.

Item 3. INTERNAL AUDIT UPDATE – REVENUE COLLECTION

Mr Carter provided the committee with an overview of the Internal Audit conducted by Deloitte on QRL's Revenue Collection.

Mr Carter advised that Deloitte's engagement was to assess whether:

- Existing policies and procedures in respect of revenue collection are in practice and that they are communicated effectively to the respective QRL personnel.
- Adequate controls are implemented to mitigate associated risk for the processes involved in the processing and receipting of revenue sources.

The only issue of significance was recipient created tax invoices and Mr Carter advised that this will be addressed in the new Financial Year.

Mr Carter advised that the ATO are currently doing a review of all PRA's.

Follow-Up:-

- ◆ Mr Lambert requested that Mr Carter arrange a schedule of all internal audit issues raised and provide a follow up on them. Mr Lambert also asked that Mr Carter keep the Committee updated on the Revenue Collection Audit.

Item 4. INTERNAL AUDIT UPDATE – SPONSORSHIP, FUNDING AND MARKETING ACTIVITIES

Mr Carter advised the committee of the Internal Audit review of QRL's Sponsorship, Funding and Marketing Activities and issues raised by Deloitte's.

Mr Carter advised that as part of the Internal Audit plan for FY 07/08, Deloitte were asked to conduct a review of the Sponsorship, Funding and Marketing Activities.

Mr Carter advised that Deloitte's engagement was to assess whether:

- there are adequate controls around the processes for determining sponsorship and funding arrangements
- Cost benefit analysis is undertaken for a particular marketing activity in order to determine its risk and rewards
- The return on investment for sponsorship and funding arrangements are measurable and quantifiable.

The objectives for the sponsorship, funding and marketing arrangements meet QRL's strategic objectives.

There were several control weaknesses of concern identified in the following areas:

- Sponsorship policy
- Three year rolling plan
- Consistent Marketing and Sponsorship strategy
- Cost and benefit maximisation.

Mr Carter advised the committee that there was no policy for the industry. Mr Hanmer recommended that the QR policy be revised and that a second policy be developed for the industry.

Mr Hanmer requested that once the QRL policy was created he would like to review it. Mr Lambert advised he will raise this issue at the QRL Board meeting to be held at the conclusion of this audit meeting.

Follow –up:

- ◆ Tony Hanmer to review the Draft QRL policy once created.
- ◆ An industry sponsorship policy to be developed for the industry.
- ◆ Mr Lambert to raise the issue at the June QRL Board meeting.

The Committee **NOTED** the update.

Item 5. COMMERCIAL HORSE ASSISTANCE PAYMENT SCHEME (CHAPS) AND EI HARDSHIP GRANT ASSESSMENT REVIEW.

Mr Carter provided the committee with the Assessment review of the Commercial Horse Assistance Payment Scheme (CHAPS I, II and III) and the EI Hardship Grant by Deloitte's.

Any prior issues raised by the auditors of CHAPS I and II have been addressed. No major issues were highlighted and a number of trainers have not complied with the funding guidelines provided by DAFF and have been invoiced. QRL is following up on the debt recovery process.

QRL was waiting on the Government audit report

The final report had been submitted on May 15, 2008 for CHAPS I, II & III. Total paid for the 3 periods was approximately \$55M to 924 trainers for 7,788 horses. 30% was retained by the trainers and 70% passed on to the owners. \$9.7M was paid out in the form of retained funds to other industry participants.

The Committee **NOTED** the report which gives a good overview of CHAPS I, II & III.

Follow -up:

- ◆ Mr Carter to provide the Government audit report of CHAPS to the audit committee once received.

Item 6. INTERNAL AUDIT PLAN FY 2008/2009

Mr Carter provided the Committee with the draft proposed 2008/2009 to 2010/2011 Internal Audit program.

The committee commented on the following audit areas:

4. Fraud Prevention and Detection (Including Fraud Policy compliance)

- The Fraud Policy has not been developed to date and will be developed by Mr Carter and Mr Orchard – Director of Integrity Operations.
- QRL to create as much as possible then have Deloitte review.

5. Corporate Social Responsibility

- To be removed

6. Capital Planning

- For QRL & Clubs

8. Club FMPM

- QRL to review before Deloitte
- Already in Draft form.

10. Purchasing

- Terms of reference for each 08/09 review.

12. Privacy Policy Assessment

- To be removed.

Follow-Up:

- ◆ Adam Carter to provide the committee the updated Strategic Internal Audit Plan for FY08/09 TO FY10/11 at the next audit meeting.

**Item 7. EXTERNAL AUDITORS – BDO KENDALLS – INTERIM
AUDIT ISSUES**

Mr Carter updated the committee of BDO Kendall's interim audit visit and the issues and management responses they have highlighted.

Mr Carter advised the committee that he intends to have the FY07/08 end of year financials ready for the external auditors by the 18 August 2008. Mr Carter recommended that an audit meeting be set for 8 August to run through the draft management reports for 30 June 2008. The draft financials statements are to be reviewed by the audit committee prior to sign off. Official sign off to occur at the Board Meeting on 5 September 2008.

The committee **NOTED** the BDO Kendall's interim audit report.

Follow up:

- ◆ Draft Financial Statements to be distributed for comment to the audit committee prior to the auditors starting on the 18 August 2008.
- ◆ Committee Secretary to speak with Chairman and Mr Carter in relation to an additional Audit meeting in August for the discussion of Draft Financials for FY07/08.

**Item 8. UPDATE OF REVIEW OF NON –TAB CLUB
FINANCIALS FY06/07**

Mr Mathofer advised the committee that at the last meeting there were 25 Non-TAB clubs with outstanding financials for FY06/07 and this has now been reduced to 4 Non-TAB Clubs

- ◆ Mount Perry – received just prior to audit committee meeting
- ◆ Herbert River – still outstanding despite reminder letters, and other communication methods

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- ◆ Hughenden – still outstanding despite reminder letters, and other communication methods
 - ◆ Kumbia – still outstanding despite reminder letters, and other communication methods
 - ◆ Julia Creek – still outstanding despite reminder letters, and other communication methods

Mr Mathofer advised that these are the same clubs that routinely in the past have been late or not supplied the required information

The committee **NOTED** the update provided by Mr Mathofer

The meeting closed at 9.20am.

Chairman

Date

Queensland Racing
Board Room
Racecourse Road, Deagon

Meeting commenced at 8.40am
Meeting concluded at 9.30am

Committee Michael Lambert (Chairman)
Members Tony Hanmer
Present:

Also in Adam Carter – *Finance Manager*
Attendance: David Rowan – *IT and Communications Manager – Item 4*
Ron Mathofer – *Business Analyst*

Apologies: Malcolm Tuttle- *Chief Operations Manager*

Minutes: Laura Hains – *Board Secretary*

The meeting commenced at 8.40am.

1. **Confirmation of Minutes of 6 June 2008:-**

The Committee **NOTED** the Audit Minutes from the last meeting on 6 June 2008.

The committee made no amendments to the Minutes of the previous meeting.

The committee **ENDORSED** the Minutes from the last meeting on 6 June 2008.

2. **Action Sheet:-**

The **Committee** reviewed the action sheet and made the following comments:-

TAB WORKSHOP

Mr Carter proposed dates for holding of TAB Clubs Workshop for 2008.

Dates proposed:

November 19, 24, 25

December 1,2,3,4

Mr Hanmer proposed 24 November 2008 as other dates clashed with prior engagements.

Mr Lambert not able to confirm his availability at this time but expressed a preference for Thursday or Friday.

Provisional date of 24 November 2008 set for TAB workshop.

Mr Carter discussed possible expansion of workshop to include Club Chairmen and Paul Brennan – *Racing Services Manager* to address workshop participants.

Follow up at next Audit Committee meeting set down for 5 September 2008

The Committee **NOTED** the action sheet.

Item 1. COMMERCIAL HORSE ASSISTANCE PAYMENT SCHEME (CHAPS) ASSESSMENT REVIEW.

Mr Carter provided the committee with an overview of the review of CHAPS by the Department of Agriculture, Fisheries and Forestry (DAFF) appointed auditors – Acumen Alliance.

Overall the assistance program was successfully implemented and carried out by Queensland Racing, with average number of days for recipients of assistance to receive payment being 12 Days.

The committee **NOTED** the DAFF commissioned report.

Mr Lambert added that the cost to QRL of administering the advance funding would be in the region of \$700K.

Mr Hanmer adding that foregone interest would be approximately \$100K.

The committee **NOTED** the positive result from report, and outstanding payments from recipients overpaid. Mr Carter noted QRL to incur costs associated with recovery of outstanding payments as no further funding to be provided by DAFF.

Item 2. INTERNAL AUDIT PLAN FY 2008/2009

Mr Carter updated the committee on the strategic Internal Audit program. Projects included IPOS and FMPM reviews, and Human Resources policies and procedures relating to employee entitlements were underway.

Mr Hanmer expressed concerns that it is difficult to apply Human Resources policy when there is a lack of policy documentation to provide the 'backbone' for Human Resources Management.

Mr Lambert requested item 5. – Capital Planning and item 11. – Fixed Asset Management of the Strategic internal Audit Plan to be removed as they were unnecessary.

Mr Carter stated that the Racing Clubs need to formulate a strategic plan and that QRL should work in with them for more effective forward planning.

Mr Carter raised RISA technology with a view to reviewing current and future systems in order to avoid unnecessary duplication.

The committee **ENDORSED** the Strategic Internal Audit Plan for FY08/09 subject to above notes.

Follow-Up:-

- Review of necessity of Capital Planning to be included in the scope of internal audit plan.
- Liaise with Mr Hanmer regarding development of Human Resources Management and employee entitlements policy and procedures.
- Review the inclusion of item 11. – Fixed Assets management. Is it necessary?
- Need to look at the percentage of the Sunshine Coast Racing ATF Sunshine Coast Racing Unit Trust held by QRL as well as reviewing QRL role in the audit process, or whether separate Audit Charter is to be set up.

Item 3. DEBT UPDATE and BAD DEBTS

Bad debts schedule for FY 2007/2008 tabled for committee members to review.

Mr Carter advised the committee of the bad debts to be written off relating to CHAPS. \$12,400 of outstanding debt relates to licensed debtors, and \$6,630 relates to an ownership syndicate no longer active. All possible avenues have been explored to contact syndicate members.

Mr Carter advised the committee of the proposal to make provision for \$56,744 relating to CHAPS outstanding debt. Those licensed debtors not yet renewed have been identified.

Mr Lambert asked whether industry recognition of industry related debts was in place with respective Principal Racing Authorities.

Mr Carter advised the committee that there is no formal industry recognition of debtors. Debts in one state do not preclude debtor from operating in another state. This could be done through RISA nominations and exclusions list.

Mr Carter advised the reason for increase in bad debts from last year was due to CHAPS and outstanding advertising fees. (Stud breeders magazine).

Mr Carter sought approval to write off \$75,775, and provision for bad debt of \$86,752, with debt recovery to process to include collection agency and where necessary debtors to be added to exclusion from nominations list.

Mr Carter advised the committee that it is highly unlikely that the Cairns Jockey Club will be in a position to repay the outstanding \$200K in the 2008/2009 financial year.

Mr Carter advised that since submitting the Board paper QRL has recovered \$32K from trainer Andrew Eggleston.

The Committee **APPROVED** the \$86,752 provision for bad debt, and for \$75,775 to be written off in FY 07/08.

Follow-Up:-

- Mr Lambert is to raise the issue of national industry recognition of bad debts through RISA. — **ARB:-**

wo

Item 4. BUSINESS CONTINUITY AND DISASTER RECOVERY

Mr Lambert summarised the findings of the report as highlighting the lack of awareness within QRL of the need for disaster recovery procedures.

Mr Rowan considered the audit as a starting point to realise what needs to be worked on, giving QRL points of focus for the improvement of policy and procedure. Also noted was that work had already commenced on addressing some of the issues raised.

Mr Rowan advised that there was a policy document in draft form and in conjunction with Mr Carter there would be an awareness rollout involving management combining Business Continuity Management (BCM) and Risk Management.

Mr Rowan advised that the Deloitte report emphasised that disaster recovery is not just an IT issue but involves planning for a range of disaster situations throughout the whole organisation.

Mr Lambert asked what policies and systems QRL currently had in place.

Mr Rowan/Mr Carter advised that QRL has a generator in place for alternate power supply as well as the capability in place to continue core activities from a remote site located at Eight Mile Plains, which is to be tested.

Mr Lambert pointed out the Deloitte report's opinion criticizing the lack of documentation available.

Mr Rowan advised the need for incident management plans in case of emergency situations arising. The Deloitte report highlighted the lack of a coordinated plan, applying the Australian standard to QRL policy and procedures.

Mr Lambert inquired regarding the plans for a QRL management workshop relating to Business Continuity, Disaster Recovery and Risk Management.

Mr Rowan and Mr Carter advised that seminars are being developed in conjunction with Deloitte, with dates to be confirmed.

Mr Lambert suggested that the seminars, and a Business Continuity Policy, be rolled out to TAB racing clubs as well.

Mr Hanmer enquired whether QRL had engaged a third party to conduct penetration attacks of IT systems to test for security measures.

Mr Rowan advised that a third party penetration attack on QRL IT systems had not been carried out.

The committee **NOTED** the update provided by Mr Rowan and Mr Carter.

Follow-Up:-

- Mr Rowan and Mr Carter to review documentation and training in place internally for Business Continuity Management, Disaster Recovery and Risk Management
- Mr Rowan and Mr Carter to arrange training seminars for TAB Clubs adopting a full BCM approach
- Mr Rowan to look into arranging a third party penetration of QRL IT systems to test the integrity
- The committee **NOTED** the update provided by Mr Rowan and Mr Carter.

OTHER BUSINESS

Mr Carter advised the committee of the external auditors' commencement date of 18 August 2008 with the expectation of financials to be submitted to the Audit Committee on the 5th September 2008.

The meeting closed at 9.30am.

Chairman

Date

Minutes of Audit Committee Meeting
Friday 5 September 2008

Queensland Racing
Board Room
Racecourse Road, Deagon

Meeting commenced at 8.30am
Meeting concluded at 9.20am

Committee Michael Lambert (Chairman)
Tony Hanmer

Members Present:

Also in Attendance: Adam Carter – *Finance Manager*
Ron Mathofer – *Business Analyst*

Apologies: Malcolm Tuttle- *Chief Operations Manager*

Minutes: Donna Biddle – *Board Secretary*

The meeting commenced at 8.30am.

1. Confirmation of Minutes of 8 August 2008

The Committee **NOTED** the Audit Minutes from the last meeting on 8 August 2008.

The committee **RESOLVED** that the QRL Audit Meeting Minutes of 8 August 2008 be received and confirmed.

MOVED by Mr Tony Hanmer **SECONDED** by Mr Adam Carter

2. Action Sheet

All items were deferred to next Audit Meeting.

3. Cairns Debt

Detailed information has been requested from the Cairns Jockey Club to be received by QRL by close of business today. Some information has already been received. Recovery of this loan will be sought. An update will be provided to the next QRL Board Meeting on 3 October 2008.

1. 2007/2008 Draft Financial Statements

An Audit Committee Pre-meeting was held on Thursday 28 August 2008.

Queensland Racing Limited (QRL)

Mr Damian Wright from BDO Kendalls advised the Committee that the following outstanding issues were required to be completed before finalisation of the financial statements,

1. Written confirmation from Treasury, ^{Queensland corporation of} balance of investment
2. RISA re existing loans from Queensland Racing as of 30.06.08.

The **Committee** made the following comments re draft FY07/08 end of year financials.

- Note 20 - to be removed
- Note 21 -to be expanded to include further explanation.
- \$1,738,750 to be moved out of WIP and into Sundry Debtors
- Directors Report to be expanded to include further explanation.
- Agreement had not been signed at the date of Audit.
- No other work has been performed by BDO Kendalls.
- No issues with Interim Report.

An Audit Committee Pre-meeting was held on Thursday 28 August 2008. Information on RISA loan was still outstanding but has now been received.

Auditor adjustments were made after the pre-meeting occurred.

The Committee **ENDORSED** the 2007/2008 Queensland Racing Limited Draft Annual Financial Statements and **RECOMMEND** these accounts be presented to the QRL Board Meeting today.

Queensland Race Product Co Limited (Product Co)

Mr Wright informed the Committee there are no issues with the accounts of Queensland Product Co.

The Committee **ENDORSED** the 2007/2008 Product Co Financial Statements and **RECOMMEND** these accounts be presented to the QRL Board Meeting today.

Sunshine Coast Racing Club

Mr Wright informed the Committee there are no issues with the accounts of Sunshine Coast Racing Club.

The Committee **ENDORSED** the 2007/2008 Sunshine Coast Racing Club Draft Annual Financial Statements and **RECOMMEND** these accounts be presented to the QRL Board Meeting today.

MOVED by Mr Michael Lambert **SECONDED** by Mr Tony Hanmer

5. General Business

TAB Financial Workshop

Mr Carter advised the Audit Committee that he planned a 2 day workshop to be held 24 and 25 November. Options discussed were Day 1 as CEO/CFO and Day 2 to include the Chairpersons of TAB Clubs or both days to be CEO/CFO only. Both options will be presented to the QRL Board meeting today.

Agenda items will be:

- Workplace, Health, Safety and Environment
- Developments
- QRL Strategy
- Race date program

The meeting closed at 9.00 am.

Chairman

Date

**Minutes of Audit Committee Meeting
Monday 1 May 2009**

**Queensland Racing
Board Room
Racecourse Road, Deagon**

**Meeting commenced at 8.30am
Meeting concluded at 9.15am**

Committee Members Present: Michael Lambert (Chairman)
Tony Hanmer

Also in Attendance: Adam Carter – *Finance Manager*
Ron Mathofer – *Business Analyst*

Apologies: Malcolm Tuttle- *Chief Operations Manager*

Minutes: Ali Wade - *Finance*

The meeting commenced at 8.30am.

1. Confirmation of Minutes of 6 March 2009

The Committee **NOTED** the Audit Minutes from the last meeting on 6 March 2009.

Grammatical correction on page 3 line 2 '**AFFECT**' be changed to '**EFFECT**'

The committee **RESOLVED** that the QRL Audit Meeting Minutes of 6 March 2009 with the above amendment be received and confirmed.

MOVED by Mr Lambert **SECONDED** by Mr Hanmer.

2. Action Sheet

The **Committee** made the following comments regarding the following action sheet items:

- Item 1. **TAB Workshop**
23rd and 24th November are the preferred dates for 2009.
Michael Paramor to receive an Agenda
- Item 12. **TAB Business Asset Risk and Sponsorship Plan**
To be deferred to 4 December 2009
- Item 15. **Tattersall's Racing Club Loan**
Mr Carter confirmed the finalised update will be provided 5 June 2009
- Item 16. **Cairns Jockey Club Internal Audit Deloitte**
Action complete and can be removed

3. Risk Management Policy

Mr Carter advised that although there was limited feedback from clubs, no significant issues were raised and comments were favourable.

The Committee noted the following issues:

- 3.1. Consideration is to be given to provide the same detailed information to Strategic Non-TAB clubs in alignment with TAB clubs where the requirements of clubs are the same
- 3.2. Recommend a tiering system to distinguish between the three classes of clubs
 - 3.2.1. TAB
 - 3.2.2. Strategic Non-TAB
 - 3.2.3. Other Non-TAB
- 3.3. Appendix A: TAB Clubs (page 6), replace Club venue with Club name

The committee **ENDORSED** the Risk Management Plan subject to the proposed tiering system as noted in item 3.2 above.

4. Event Management Policy

Mr Carter advised the feedback received from clubs raised no significant issues. This is partly due to the clubs involvement during the production of the policy.

The committee noted the following issues:

- 4.1. Change the point of contact to Mr Brennan – Racing Services Manager
- 4.2. Review the non-racing events listed on page 3
- 4.3. Define Table 1, page 4 as examples
- 4.4. Recommend reviews to be undertaken bi-annually
- 4.5. Consideration to be given for QRL to create and facilitate a forum to discuss and relay event management experience

Mr Lambert provided a hard copy of amendments to be made.

The committee commented that the forum (refer 4.5) be discussed with Mr Brennan.

The committee **ENDORSED** the Event Management Policy subject to the above changes.

5. Internal Audit Update – FMPM

The committee noted the following issues:

- 5.1. Further work required on areas identified by auditors, item 4, page 3 of the audit paper.
 - 5.1.1. Incorporate additional sections as identified by Deloitte and highlighted in Audit Paper
- 5.2. FMPM Page 1, Introduction
 - 5.2.1. Message to be endorsed by the QRL Chairman

- 5.2.2. Include direction to contact person: Mr Carter – Finance Manager
- 5.3. Review structure of Business, Operational and Strategic Planning to remove duplication
- 5.4. Review items that would be considered outside financial management and possibly remove.
 - 5.4.1. Volunteer management
 - 5.4.2. Marketing/Advertising/Promotion
 - 5.4.3. Retention of Management
- 5.5. To add a checklist on the specific requirements of the FMPM which apply to Non TAB, Strategic Non Tab and Tab Clubs.

The committee **ENDORSED** the general FMPM document subject to further discussion and fine tuning.

Follow-Up:-

Mr Lambert to liaise with Mr Carter on FMPM issues.

6. Banking Review

The committee requested that TAB clubs be advised of the process and consideration given by the banks in their proposals.

The committee commented that the NAB proposal would be more beneficial than the status quo for clubs.

Mr Carter advised that NAB's offer was not conditional on TAB clubs switching to NAB.

The committee **ENDORSED** the change to NAB for all QRL banking arrangements from 1 July 2009.

The committee **ENDORSED** a proposal be put forward to TAB Clubs to switch to NAB, upgrade current arrangements with NAB, to more competitive rates and services than they currently have in place.

Follow-Up:-

1. Request the current banking information breakdown from all clubs.
2. Report response to Audit Committee.
3. ~~Provide to NAB to source more competitive rates.~~
Provide NAB the opportunity

7. General Business

Mr Carter advised the following dates for Audit by BDO Kendalls:

- 7.1. 2009 Audit dates
 - 7.1.1. Interim Audit 15 June 2009
 - 7.1.2. Final Audit 3 August 2009
 - 7.1.3. For review at Audit Committee meeting 28 August 2009
 - 7.1.4. Seek Board approval 4 September 2009

Mr Carter provided feedback on BDO Kendall's commenting that the fees are currently reasonable, auditors approachable with good response time and continuity of staff.

The committee **NOTED** the feedback and recommended a three to five year rotation of auditors.

7.2. Purchasing and Procurement Strategy

- 7.2.1. Considering tender process in line with State Government (preferential suppliers)
- 7.2.2. Working towards short and long term strategies

7.3. Club Ticketing

- 7.3.1. Current TAB Club ticketing structure lacking cohesion and audit trail
- 7.3.2. Consideration be given to a unified ticketing system through RISA for all TAB clubs

Next meeting date set for 5 June 2009 at 8:30am

The meeting closed at 9.15 am.

Chairman

Date

DRAFT

Minutes of Audit Committee Meeting
Friday 26 June 2009

Queensland Racing
Board Room
Racecourse Road, Deagon

Meeting commenced at 8.00am
Meeting concluded at 9.05am

Committee Members Present: Michael Lambert (Chairman)
Tony Hanmer

Also in Attendance: Adam Carter – *Finance Manager*
Ron Mathofer – *Business Analyst*

Apologies: Malcolm Tuttle- *Chief Operations Manager*

Minutes: Ali Wade - *Finance*

The meeting commenced at 8.00am.

1. Confirmation of Minutes of 1 May 2009

The Committee **NOTED** the Audit Minutes from the last meeting on 6 March 2009.

Correction for agenda item 6, follow up item 3, page 3. To be amended to 'Provide NAB the opportunity to source more competitive quotes'.

The committee **RESOLVED** that the QRL Audit Meeting Minutes of 1 May 2009 with the above amendment be received and confirmed.

MOVED by Mr Lambert **SECONDED** by Mr Hanmer.

Note to minute:

7.1.2 Final Audit has been brought forward to 3 July 2009.

2. Action Sheet

The **Committee** made the following comments regarding the following action sheet items:

- Item 1. **TAB Workshop**
Look at further stakeholder input regarding preferred dates.

Add Banking Review to Action List.

3. TAB Corporate Governance and Financial Assessment – Gold Coast Turf Club

The committee requested the following inclusions to the summary on page 2:

- 3.1. Low level of entry paying attendances
- 3.2. Credit card policy

The committee commented that the priority should be to organise the management of cash reconciliations. As per the Deloitte template the clubs should look towards estimating gate takings and actual received to ascertain variances and this should be undertaken by all TAB clubs.

Follow-Up:-

1. Request a further detailed response from Mr K Ahrens at the GCTC.
- ✕ 2. Progress the admissions bar coding system through RISA in early FY0910.

4. Internal Audit Plan FY 09/10

Mr Carter advised the Internal Fraud Plan has been deferred to FY0910.

The committee noted the following issues:

- 4.1. Item 5. Further definition required for Capital Planning which should be more QRL focused.
- 4.2. Item 11. Expand explanation to convey valuations and Sunshine Coast Racing Unit Trust.
- 4.3. Item 13. Flag as potential current systems analysis in line with the new national system. *fy 10/11*
- 4.4. Item 16. To review race fields legislation process from start to finish with a view to completion as early as possible.

The committee **ENDORSED** the Internal Audit Plan FY 09/10 subject to the above amendments.

5. TAB Club Corporate Governance and Financial Assessment Plan FY09/10

Mr Mathofer advised that the strategic non TAB clubs that have been targeted are due to scale and profit position.

The committee requested Mr Carter to liaise with P Brennan to check the appropriateness of the current targeted clubs.

The committee discussed that due to the scale and profits of the Ipswich Turf Club that switching the review to the Mackay Turf Club would be better suited for the upcoming financial year.

The committee resolved to **ADOPT** the recommendations on page 5. with the replacement of the Ipswich Turf Club by the Mackay Turf Club.

Follow-Up:-

Mr Carter to liaise with Andrew Moore from the Brisbane Racing Club (BRC) to discuss the timing of Corporate Governance and Financial Operations review and requirements of both parties.

6. Internal Audit Update - Payroll

Mr Carter advised the current system has injected improvements into the payroll process in a gradual manner.

The committee **NOTED** the Internal Audit Payroll Processing review with an update of action items to be provided at the September 2009 meeting.

Follow-Up:-

1. To review and implement policy surrounding the consistency in employee terminations.
2. Update of action items from all previous internal audits to be provided at the September 2009 audit committee meeting.

7. Internal Audit Update - Purchasing

Mr Carter advised that I-POS is a significant change in the purchasing process and is a work in progress.

The committee discussed the importance of the panel/preferred supplier selection to require:

- 7.1. QRL to be pro-active to the required market
- 7.2. Based on competitiveness

Mr Carter advised the focus is currently in place for TAB clubs with the intention to incorporate all clubs in the following areas:

- 7.3. Repairs and Maintenance
- 7.4. Communication
- 7.5. Travel/Accommodation
- 7.6. Banking
- 7.7. Insurance

Mr Carter further advised that QRL will charge back for the use of QRL employees and is considering the possibility of travel inclusion.

The committee discussed the resources required and recommended an assessment of suitability of any assistance that is sourced. The committee **NOTED** the action on the I-POS implementation and panel/preferred supplier selection will take time.

The committee **NOTED** the Internal Audit Purchasing review with an update of action items to be provided at the September 2009 meeting.

Follow-Up:-

1. Continual updates to be provided to the QRL Board due to significance of impact.
2. Update of action items to be provided at the September 2009 meeting.

8. Internal Audit Update – Document Management

Further to the Deloitte internal audit review the committee would like further consideration to item 2.1.4.2 to include

- 8.1. Documented levels and rights to access information

The committee **NOTED** the possibility of centralising the document system to start with the Club Correspondence as a priority.

The committee discussed the importance of the flow of information with a view to scan all information at source and stored in restricted access areas. To achieve this authority and resources will need to be addressed. The committee requested a broad policy proposal to be established.

The committee **NOTED** the Internal Document Security review with an update of action items to be provided at the December 2009 meeting.

Follow-Up:-

1. Broad Policy proposal to be established.
2. Centralise Club Correspondence
3. Work towards imagery of all current information within the 7 year timeframe as per QRL policy for keeping historic data with the intention to phase out the Grace Records management system.
4. G: Access to be addressed
5. Flow of information to be addressed with a view to scan information at source

9. Insurance Update

Mr Carter tabled the insurance premium comparison FY 09/10 document and noted the following:

- 9.1. Insurance has been finalised with input from AON and Racing Victoria
- 9.2. The renewal in the premium from FY 05/06 to FY 09/10 has been reduced by approximately 45%.
- 9.3. The major increase has been in jockey workcover insurance due to increased:
 - 9.3.1. Coverage
 - 9.3.2. Claims
- 9.4. QRL is working towards minimising claims through
 - 9.4.1. Upgrade in facilities
 - 9.4.2. Streamlining processes

The committee **NOTED** the insurance update.

10. Provision for Bad Debt FY 08/09

Mr Carter tabled Audit Committee Paper 10 for the provision of bad debt for the FY 08/09 and request approval for the write off against bad debt in the FY 08/09.

The committee **NOTED** the provision for bad debt document and will advise Mr Carter after due consideration.

11. Upcoming Projects

Deferred to next Audit Committee meeting

Next meeting date set for 7 August 2009 at 8:30am

The meeting closed at 9.05 am.

Chairman

Date

PRIVATE & CONFIDENTIAL



QUEENSLAND
RACING

AUDIT MEETING

Friday 7 August 2009
at 8.00am

Queensland Racing Limited
(ACN 116 735 374)
Audit Committee Meeting

Date: Friday 7 August 2009

Time: 8:00am

Venue: Queensland Racing Board Room

Committee Members: Michael Lambert (Chairman)
Tony Hanmer

Attending: Malcolm Tuttle
Adam Carter
Ron Mathofer

Minutes: Ali Wade

A G E N D A		
Item	Business	Contact
1	Confirmation of Minutes of 26 June 2009	Chairman
2	Action Sheet - Follow up Issues	Chairman
3	BDO Kendall's Interim Audit Update	Adam Carter
4	TAB Workshop Schedule	Adam Carter
5	Deloitte Sunshine Coast Audit Report Follow Up	Adam Carter
6	Deloitte Townsville Audit Report	Adam Carter
7	Bad Debt and Provision for Bad Debt FY 0809	Adam Carter

**Minutes of Audit Committee Meeting
Friday 26 June 2009**

**Queensland Racing
Board Room
Racecourse Road, Deagon**

**Meeting commenced at 8.00am
Meeting concluded at 9.05am**

Committee Members Present: Michael Lambert (Chairman)
Tony Hanmer

Also in Attendance: Adam Carter – *Finance Manager*
Ron Mathofer – *Business Analyst*

Apologies: Malcolm Tuttle- *Chief Operations Manager*

Minutes: Ali Wade - *Finance*

The meeting commenced at 8.00am.

1. Confirmation of Minutes of 1 May 2009

The Committee **NOTED** the Audit Minutes from the last meeting on 6 March 2009.

Correction for agenda item 6, follow up item 3, page 3. To be amended to 'Provide NAB the opportunity to source more competitive quotes'.

The committee **RESOLVED** that the QRL Audit Meeting Minutes of 1 May 2009 with the above amendment be received and confirmed.

MOVED by Mr Lambert **SECONDED** by Mr Hanmer.

Note to minute:

7.1.2 Final Audit has been brought forward to 3 July 2009.

2. Action Sheet

The **Committee** made the following comments regarding the following action sheet items:

- Item 1. **TAB Workshop**
Look at further stakeholder input regarding preferred dates.

Add Banking Review to Action List.

3. TAB Corporate Governance and Financial Assessment – Gold Coast Turf Club

The committee requested the following inclusions to the summary on page 2:

- 3.1. Low level of entry paying attendances
- 3.2. Credit card policy

The committee commented that the priority should be to organise the management of cash reconciliations. As per the Deloitte template the clubs should look towards estimating gate takings and actual received to ascertain variances which should be undertaken by all TAB clubs.

Follow-Up:-

1. Request a further detailed response from Mr K Ahrens at the GCTC.
2. Progress the admissions bar coding system through RISA in early FY09/10.

4. Internal Audit Plan FY 09/10

Mr Carter advised the Internal Fraud Plan has been deferred to FY09/10.

The committee noted the following issues:

- 4.1. Item 5. Further definition required for Capital Planning to be QRL focused.
- 4.2. Item 11. Expand explanation to convey valuations and Sunshine Coast Racing Unit Trust.
- 4.3. Item 13. Flag as potential current systems analysis in line with the new national system.
- 4.4. Item 16. To review race fields legislation process from start to finish with a view to completion as early as possible.

The committee **ENDORSED** the Internal Audit Plan FY 09/10 subject to the above amendments.

5. TAB Club Corporate Governance and Financial Assessment Plan FY09/10

Mr Mathofer advised that the targeted strategic non TAB clubs are due to scale and profit position.

The committee requested Mr Carter to liaise with P Brennan to check the appropriateness of the current targeted clubs.

The committee discussed switching the review from the Ipswich Turf Club to the Mackay Turf Club which is better suited due to the current scale and profit of each club.

The committee resolved to **ADOPT** the recommendations on page 5 with the replacement of the Ipswich Turf Club for the Mackay Turf Club.

Follow-Up:-

Mr Carter to liaise with Andrew Moore from the Brisbane Racing Club (BRC) to discuss the timing of Corporate Governance and Financial Operations review.

6. Internal Audit Update - Payroll

Mr Carter advised the current system has injected improvements into the payroll process in a gradual manner.

The committee **NOTED** the Internal Audit Payroll Processing review with an update of action items to be provided at the September 2009 meeting.

Follow-Up:-

1. To review and implement policy surrounding the consistency in employee terminations.
2. Update of action items from all previous internal audits to be provided at the September 2009 audit committee meeting.

7. Internal Audit Update - Purchasing

Mr Carter advised that I-POS is a significant change in the purchasing process and is a work in progress.

The committee discussed the importance of the panel/preferred supplier selection to require:

- 7.1. QRL to be pro-active to the required market
- 7.2. Based on competitiveness

Mr Carter advised the focus is currently on TAB clubs with the intention to incorporate all clubs in the following areas:

- 7.3. Repairs and Maintenance
- 7.4. Communication
- 7.5. Travel/Accommodation
- 7.6. Banking
- 7.7. Insurance

Mr Carter further advised that QRL will charge back for the use of QRL employees and is considering the possibility of travel inclusion.

The committee discussed the resources required and recommended an assessment of suitability of any assistance that is sourced. The committee **NOTED** the action on the I-POS implementation and panel/preferred supplier selection will take time.

The committee **NOTED** the Internal Audit Purchasing review with an update of action items to be provided at the September 2009 meeting.

Follow-Up:-

1. Continual updates to be provided to the QRL Board due to significance of impact.

2. Update of action items to be provided at the September 2009 meeting.

8. Internal Audit Update – Document Management

Further to the Deloitte internal audit review the committee would like further consideration to item 2.1.4.2 to include

- 8.1. Documented levels and rights to access information

The committee **NOTED** the possibility of centralising the document system with the Club Correspondence targeted as a priority.

The committee discussed the importance of the flow of information with a view to scan all information at source and stored in restricted access areas. Authority and resources will need to be addressed. The committee requested a broad policy proposal to be established.

The committee **NOTED** the Internal Document Security review with an update of action items to be provided at the December 2009 meeting.

Follow-Up:-

1. Broad Policy proposal to be established and cost benefit analysis to be undertaken or resourcing the project.
2. Centralise Club Correspondence
3. Work towards imagery of all current information within the 7 year timeframe as per QRL policy for keeping historic data with the intention to phase out the Grace Records management system.
4. G: Access to be addressed
5. Flow of information to be addressed with a view to scan information at source

9. Insurance Update

Mr Carter tabled the insurance premium comparison FY 09/10 document and noted the following:

- 9.1. Insurance has been finalised with input from AON and Racing Victoria
- 9.2. The renewal in the premium from FY 05/06 to FY 09/10 has been reduced by approximately 45%.
- 9.3. The major increase has been in jockey workcover insurance due to increased:
 - 9.3.1. Coverage
 - 9.3.2. Claims
- 9.4. QRL is working towards minimising claims through
 - 9.4.1. Upgrade in facilities
 - 9.4.2. Streamlining processes

The committee **NOTED** the insurance update.

10. Provision for Bad Debt FY 08/09

Mr Carter tabled Audit Committee Paper 10 for the provision of bad debt for the FY 08/09 and request approval for the write off against bad debt in the FY 08/09.

The committee **NOTED** the provision for bad debt document and will advise Mr Carter after due consideration.

11. Upcoming Projects

Deferred to next Audit Committee meeting

Next meeting date set for 7 August 2009 at 8:00am

The meeting closed at 9.05 am.

Chairman

Date

QUEENSLAND RACING LIMITED
(ACN 116 735 374)
AUDIT COMMITTEE MEETING
ACTION SHEET as at 7 August 2009

NO	ITEM	ACTION REQUIRED	ACTION OFFICER	THIS MEETING	COMMENT
1	TAB Workshop	Schedule meeting and agenda for FY09/10 workshop. Action Items: Common purchasing requirements EIS One Marketing Risk Management Insurance	Adam Carter	<u>4 September 2009</u>	Preferred dates 23,24 Nov
2	Internal Audit Update – Follow-Up Prior Year Issues	QRL to continue to address the partly and not implemented recommendations. IT strategic plan to be developed.	Adam Carter David Rowan	<u>4 September 2009</u> <u>4 September 2009</u>	
3	Quarterly Operational KPI's (QRL – Internal)	Internal KPI's to be prepared based on the Business Plan.	Adam Carter Ron Mathofer	<u>4 September 2009</u>	Presented on a quarterly basis
4	Interim Audit Issues	Management responses were considered at 3 August 2007 meeting. Follow-up and update to be provided to Audit Committee on location of Certificate of Title for the Barcaldine office.	Shara Murray	<u>7 August 2009</u>	Refer to item 2.

QUEENSLAND RACING LIMITED
(ACN 116 735 374)
AUDIT COMMITTEE MEETING
ACTION SHEET as at 7 August 2009

NO	ITEM	ACTION REQUIRED	ACTION OFFICER	THIS MEETING	COMMENT
5	Key Performance Indicators (KPI's) (Clubs – External)	KPI's for year ending 30 June 2009 to be provided once financials have been received by 30 September. Check with Victoria and New South Wales on what KPI's they have implemented	Adam Carter Ron Mathofer	<u>6 November 2009</u>	Currently working with clubs on implementing EIS-One performance measurement software.
6	Risk Management Policy	Update Risk Management register.	Adam Carter Mal Tuttle	<u>4 September 2009</u>	Risk Management update to be provided to August 2009 meeting
7	Financial Management Practice Manual (FMPM)	Finalise further recommendations from Deloitte in QRL Internal FMPM. Review Club FMPM incorporating the following: Business Continuity Asset Utilisation HR Policies and Procedures Financial Reporting Revise the wording under Tax basics and employment conditions Updating all roles and profiles for clubs and secretaries. Once	Adam Carter	<u>4 September 2009</u>	Underway with Mr Lambert and being reviewed by Deloitte.

QUEENSLAND RACING LIMITED
(ACN 116 735 374)
AUDIT COMMITTEE MEETING
ACTION SHEET as at 7 August 2009

NO	ITEM	ACTION REQUIRED	ACTION OFFICER	THIS MEETING	COMMENT
		finalised to be distributed to all TAB and Non-TAB Clubs in new financial year.			
8	Insurance	Correspondence has been forwarded to TAB Clubs in relation to industrial special risks insurance, to enable further assessment of special risks to enable bulk purchasing and discounted industry rate.	Adam Carter	<u>26 June 2009</u>	Underway
9	TAB Business Asset Risk and Sponsorship Plan	Correspondence to be forwarded to clubs advising of areas of improvement and strength.	Adam Carter Ron Mathofer	<u>4 December 2009</u>	Clubs have been advised and further information to be incorporated in new Club FMPM. Clubs to incorporate recommendations in Business Plans, Asset, Risk Sponsorship. Plans due 30 September 2009.

QUEENSLAND RACING LIMITED
(ACN 116 735 374)
AUDIT COMMITTEE MEETING
ACTION SHEET as at 7 August 2009

NO	ITEM	ACTION REQUIRED	ACTION OFFICER	THIS MEETING	COMMENT
10	Review of Non-TAB Club Financials	<p>Identify the key Non-TAB clubs that make significant contributions to the industry for possible future assistance and support from Queensland Racing.</p> <p>A listing of all Non TAB Clubs and their importance and standing in the Queensland Racing industry to be continued.</p> <p>Identify Non-TAB 'hubs' and associated regional 'spokes'.</p> <p>Identify good practice templates, seek to mandate for inclusion in the FMPM</p>	Adam Carter Ron Mathofer Paul Brennan	<u>6 November 2009</u>	<p>Underway</p> <p>FY 07/08 Non-TAB club results presented to Audit Committee 6 March 2009. 28 strategic clubs identified and incorporated into EIS One system. Further work required regarding regional 'hub' & 'spoke'.</p>
11	Update on all TAB reviews in 08/09	<p>Update to be provided for Sunshine Coast, Gold Coast Turf Club and Townsville.</p> <p>A plan to be devised on how clubs can use common Auditors for financial year 08/09. Approached through Country Racing Council.</p>	Adam Carter	<p><u>7 August 2009</u></p> <p>Agenda Item 6</p>	<p>Audits completed Gold Coast, Sunshine Coast with Townsville underway 9-19 June 2009.</p>

QUEENSLAND RACING LIMITED
(ACN 116 735 374)
AUDIT COMMITTEE MEETING
ACTION SHEET as at 7 August 2009

NO	ITEM	ACTION REQUIRED	ACTION OFFICER	THIS MEETING	COMMENT
12	Tattersall's Racing Club Loan	QRL to write to Michael Paramor, CEO of Tattersall's Club to find out the position in relation to the loan from Tattersall's Racing Club to Tattersall's Club.	Adam Carter	<u>4 September 2009</u>	Adam Carter has spoken with Michael Paramor and is waiting for feedback
13	Revenue Collection Audit.	Mr Carter to arrange a schedule of all internal audit issues raised and provide a follow up on them. Mr Carter to keep the Committee updated on the Revenue Collection Audit.	Adam Carter	<u>4 September 2009</u>	Refer to Internal Audit Update Action Item No.2
14	Internal Audit – HR Policy Review	QRL to address the Deloitte findings and recommendations	Adam Carter	<u>4 September 2009</u>	Final report to be provided 5 June 2009 with HR Business Solutions Recommendations Refer to Internal Audit Update Action Item No.2
15	Banking Review	Request Clubs to undertake banking review on current facilities and charges.	Adam Carter	<u>4 December 2009</u>	

AUDIT COMMITTEE PAPER NUMBER: 3

External Auditors - BDO Kendalls - Interim Audit Issues

PURPOSE:

To provide the Committee with an update of BDO Kendall's interim audit visit. Any issues and management response have been highlighted.

BACKGROUND AND ISSUES:

The BDO Kendalls conducted their Interim Audit review from the 9 June to 15 June 2009. The issues raised are as per attached letter dated 25 June 2009 titled "**Interim Audit Visit**".

No major issues were highlighted which will impact on the financial statements. Highlighted points 1-5 have been noted and will be incorporated in the preparation of the financial statements for FY08/09.

A review of all project expenses which have not been capitalised to date will be undertaken with a view of capitalising and ensuring the Capital Works Expenses are put through as Notional Loans for Toowoomba and Rockhampton Jockey Club in FY08/09.

The management letter points identified will be considered and a follow up will be provided to the audit committee on the 28 August and 4 September 2009.

Mr Damian Wright Partner of BDO Kendalls will attend the audit meeting at 8:10am.

A draft set of annual financial statements will be provided to the audit committee prior to the 28 August 2009 and 5 September audit committee for comment.

The final audit commenced on 27 July 2009. The proposed final sign off of annual financial statements and any issues will be raised at the audit committee meeting/board meeting on Friday 4 September 2009. BDO have proposed that the final sign off may need to be delayed in order for them to verify the race field information which is still being received from operators to provide surety on the numbers in the financial statements.

OPTIONS:

All recommendations will be considered in the preparation in the 30 June 2009 financial statements and feedback provided at the final exit interview with BDO Kendalls.

FINANCIAL IMPACT:

The issues raised will need to be considered to assess the impact on the year-end 2008/2009 financials statements.

LEGAL IMPLICATIONS:

Not Applicable

STAFF IMPLICATIONS:

Not Applicable

OTHER STAKEHOLDER IMPACTS:

Not Applicable

COMMUNICATION STRATEGY:

Not Applicable

DECISION REQUIRED

To be noted by the Audit Committee and further update to be provided at next Audit Committee meeting on the 28 August at 10am and 4 September 2009.



Adam Carter
FINANCE MANAGER



BDO Kendalls

BDO Kendalls (QLD)
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ABN 70 202 702 402

25 June 2009

Audit Committee
Queensland Racing Limited
PO Box 63
SANDGATE QLD 4017

Dear Sirs

RE QUEENSLAND RACING LIMITED - INTERIM AUDIT VISIT

We completed our interim visit in the week commencing 15 June 2009.

This visit was planned to enable us to gain an understanding of the operations of Queensland Racing Limited, Queensland Race Product Co Ltd and Sunshine Coast Race Unit Trust during the financial year to date, perform testing on income and expenditure items, review certain internal controls, perform walkthroughs, and review certain key documents and reconciliations.

POINTS TO HIGHLIGHT

In the course of our visit we identified the following items that could have an effect on the year-end audit procedures and were considered worthy to highlight as items to be considered prior to our final audit attendance in the week commencing 27 July 2009. They should be reviewed and addressed as necessary pre 30 June 2009.

1. Work in progress – Sunshine Coast Racing lighting additions

Included in the Queensland Racing WIP balance is just over \$7m relating to lighting for Corbould Park to enable night racing to be held at the venue. The lighting was completed in April 2009 and is now in use.

The current intention is for these assets to be transferred to Sunshine Coast Racing Pty Ltd (SCR) at no cost.

The assets should therefore be removed from the Queensland Racing WIP balance, with the costs being expensed as a grant in the year-ended 30 June 2009.

In SCR, the lighting assets should be included as property, plant and equipment on the balance sheet, with grant revenue being recognised.

We will need to review the WIP listing at the year-end audit visit and ensure those cost have been transfer out as at 30 June 2009.

2. Work in progress – Toowoomba synthetic track

Included in the Queensland Racing WIP and sundry debtors balance is just approximately \$7.5m relating to the synthetic track at Toowoomba. This is the second of the three synthetic tracks constructed using the \$12m grant received in FY2008 from the government.

The track is due to be completed on 26-Jun-09 in time for the first race meeting on 11-Jul-09. The current intention is for this asset to be transferred to Toowoomba Turf Club for no consideration.

The assets should therefore be removed from the Queensland Racing balance sheet. Rather than expensing the full \$7.5m as a grant, half of the remaining deferred government grant should also be removed from the balance sheet, with just the balance being expensed by Queensland Racing as a grant expense in the year-ended 30 June 2009.

As at 31 May 2009, the deferred grant balance was \$9.29m, so the entries at 31-May-09. The appropriate accounting treatment at year-end would be to eliminate half the deferred grant balance against the synthetic track WIP balance, with the balance of the WIP balance being expensed as grant revenue.

So if the entries were completed at 31-May-09, they would be:

Dr Deferred grant	\$4.6m	
Dr Grant expense	\$2.9m	
Cr Capital WIP		\$5.9m
Cr Sundry Debtors		\$1.6m

3. Other Capital WIP items

Excluding the amounts relating to the Sunshine Coast lighting and the Toowoomba synthetic track, there is still a balance of over \$1m in the Queensland Racing capital WIP account.

On review of the May balance, the majority of this balance did not relate to projects for Queensland Racing assets. These should be expensed or recognised as a debtor where payment will be received from third parties for costs incurred.

A detailed review should be completed of this account at year-end, with items being expensed where necessary.

Additionally, following the decision not to proceed with the Wadham Park purchase, the costs incurred to date on this project need to be expensed as at 30-Jun-09.

4. Impairment of land and building

In the current economic climate, the impairment of assets is considered a significant audit risk this financial year-end.

Independent valuations are being performed on the land and buildings at Deagon and Sunshine Coast which will provide assurance on the fair values.

5. Race Fields Recoverability

Due to amendments made to the Racing Legislation on 1 Sept 2008, Queensland Racing can now invoice corporate bookmakers and betting agencies 1.5% of their wagering turnover.

At the end of May, only approximately 50% of invoiced balances had been collected by Queensland Racing and the recoverability of these Race Fields debtors has been identified as a specific audit risk this year.

Based on our interim analysis, it appears that the main risk will relate to the corporate bookmakers, as the interstate TABs appear to be paying their debts.

A detailed review of the outstanding debts will be required at year-end.

6. Accuracy of Race Fields Revenue

Two issues have been identified in the accuracy of the Race Fields revenue recognised by Queensland Racing at 30 June 2009.

The first is that the amount being invoiced by Queensland Racing will not be equal to the amount that will be recognisable as revenue. This is caused by the variance in the percentage of wagering revenue Queensland Racing can invoice and the amount they are eventually entitled to.

Detailed review will be required of the revenue recognised for each Wagering Operator to ensure the adjustments have been posted accurately.

The second is that the Wagering Operators are only required to provide audited Annual Statements within 60 days of the year-end. The audited statements may therefore not have been received before the audit visit at the end of July. If the statements have not been received, then it will be difficult to make a final conclusion on the accuracy of the revenue (and therefore the debtor) balance calculated.

The Wagering Operators will need to be encouraged to submit their audited Annual Statements as early as possible post 30 June 2009.

7. Queensland Race Product Co

In the year-to-date, Queensland Race Product Co has recognised as a revenue and an expense the amount that UniTAB have eliminated from the monthly distribution (due to payments to NSW & Victoria for Race Fields).

This revenue and expense does not belong to Queensland Race Product Co and so should not be taken up in the financial statements. Whilst it has no net effect on the Income Statement, it overstates revenue and expenses.

The only revenue recognised in Queensland Race Product Co should be the amount received from UniTAB on a monthly basis and distributed accordingly.

8. Preparation of pro forma set of financial statements

A draft set of financial statements for the year-ended 30 June 2009 should be prepared prior to the date of our year-end audit visit. This will enable review of the financial statements during the week of our audit visit and will result in greater efficiency in completion of the audit.

9. Review of Systems

During the course of our interim audit visit, we reviewed the systems and controls, documenting any changes from those used in the prior financial year, and performed walkthrough testing to ensure the controls are operating effectively. This review and testing did not identify any specific matters of interest to management.

The objective of an audit is to obtain reasonable assurance whether the financial report is free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

This communication is prepared solely for the information of the Audit Committee and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We would like to express our appreciation for the cooperation and assistance which we received during the course of our interim visit from all the staff at Queensland Racing Limited.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

Yours faithfully
BDO Kendalls (QLD)

Damian Wright
Partner

C:\Documents and Settings\acarter\Local Settings\Temporary Internet Files\Interim Visit Report.doc

Queensland Racing TAB Club Strategic Financial Management Workshop

Date: Monday November 23, 2009
Time: 9:30am – 4:30pm
Venue: TBA

Audit Committee Members: (Chairman)
Tony Hanmer

Attending: TAB Clubs – CEO and Finance Manager
Townsville – Michael Charge and TBA
Rockhampton – Bruce Slattery
Sunshine Coast – Mick Sullivan, Kylie Perry
Toowoomba – TBA
Ipswich – Brett Kitching, Graeme Smith
Gold Coast – John Cameron, Kevin Ahrens
Mackay – Ian Joblin, Joe Hynes
BRC – Stephen Ferguson, Andrew Moore & Andrew Walker
Queensland Racing Limited
Malcolm Tuttle – Chief Operations Manager
Adam Carter – Finance Manager
Ron Mathofer – Business Analyst
Sarah Walker – Compliance Accountant

Apologies:

A G E N D A

ITEMS	BUSINESS
1.	Introduction
2.	Key Issues Facing the Industry
3.	Submitted Financials FY06/07, FY07/08, FY08/09 EIS One – Performance Measurement – 2hr <ul style="list-style-type: none"> • Balanced Scorecard Financial and Non Financial
4.	Workshop 1 – TBA – approx 1 hrs <ul style="list-style-type: none"> • Looking at the commercial viability of clubs and how they can improve on what they are currently doing i.e. new revenue streams and how to stream line expenditure to include Roles and Responsibilities of Race Club vs. QRL etc
5.	Workshop 2 - Common Purchasing and Efficiencies Going Forward – Discuss 3 year strategy – 2 hrs <ul style="list-style-type: none"> • Banking • Insurance • Maintenance • Electricity • Telecommunications • IPOS • RISA Ticketing
6.	“New” CLUB FMPM
7.	Update of the Results of TAB Club Compliance Reviews and Business Improvement Opportunities
8.	Insurance – Public Liability and ISR
9.	TBA
10.	Next Steps
11.	Other Issues

AUDIT COMMITTEE PAPER NUMBER: 5
Sunshine Coast Turf Club

PURPOSE:

To provide the Audit Committee of QRL the final Deloitte report on the assessment on the Corporate Governance and Financial Operations of the Sunshine Coast Turf Club (SCTC) following on from the SCTC management response of June 10, 2009.

BACKGROUND AND ISSUES:

Focus Area	SCTC 2009 (Current Result)	SCTC 2005
Corporate Governance		
Legislative Compliance	Red	Red
Business Planning	Yellow	Red
Internal Control Environment	Yellow	Green
Risk Management	Yellow	Hatched
Performance Evaluation and Review	Yellow	Green
Finance Operations		
Financial Reporting and Accountability	Green	Green
Club Funding	Red	Green
Capital Expenditure	Yellow	Green
Capital Assets	Red	Red
Payroll	Red	Green
Accounting Records	Yellow	Green
Cash Collection and Disbursements	Red	Hatched
Purchasing	Red	Hatched

Green	A small number of compliance weaknesses/opportunities for improvement identified.
Yellow	Several compliance weaknesses of concern identified.
Red	Poorly controlled - significant weaknesses in compliance identified.

The level of financial maturity and adherence to policies and procedures has not significantly improved since the previous review in 2005. There is a lack of professionalism and the business is not being run commercially given the number races days and infrastructure in place.

It is proposed the following course of action is taken:-

Proposed Sunshine Coast Turf Club Action Plan from Deloitte Audit April 2009

April 2009	Assessment Completed of the SCTC
1 May 2009	Draft Deloitte's SCTC Report tabled at QRL Board Meeting
11 May 2009	Presentation of Deloitte findings to SCTC committee
10 June 2009	SCTC Management Committee Response (Letter attached) to QRL
13 July 2009	SCTC Management Committee Response (Letter attached) sent to Deloitte to provide feedback
10 July 2009	Draft update of findings from Deloitte (Attached) Update to be provided on 7 August 2009 by Deloitte Partner
7 August 2009	Audit Committee meet with Deloitte Partner – Carl Gerrard to run through management feedback and findings and discuss strategy
10 August 2009	Provide letter back to club confirming meeting
12 August 2009	Prepare presentation and get feedback from Office of Racing and obtain legal advice in line with the <i>Racing Act 2002</i>
10am to 12pm 17 August 2009	QRL to meet with SCTC Committee and Deloitte Partner Carl Gerrard, Senior Deloitte Partner John Greg Insolvency Partner at QRL to discuss findings and Recommendations and timelines of when SCTC is required to address the issues in line with the <i>Racing Act 2002</i>
31 August 2009	SCTC committee to provide response to QRL
4 September 2009	QRL audit committee/board to consider response and issue letter to SCTC

The final Deloitte's response to the SCTC management committee response is being finalised by Deloitte and will be presented by Carl Gerrard at 8:30am at the 7 August QRL audit committee meeting.

Attached is:-

1. the Deloitte draft findings dated 10 July 2009
2. SCTC letter to QRL dated 30 July 2009

Background to findings raised by Deloitte of SCTC in April 2009.

Overall Corporate Governance and Financial Operations assessment of the SCTC has shown a decline in standards. In their response to the report SCTC committee highlighted some errors relating to the data. Despite changes to the report following the SCTC committee response the overall position remains the same.

Corporate Governance

Risk Management

- Risk Management is only looked at annually and only very high level and not regularly and should seek new strategies to mitigate risks.
- Effectiveness of SCTC sub committees is questionable, only remuneration committee appears to be effective.

Internal Control Environment

- Policies and Procedures which have been prepared or in draft form are not followed:
 - o Purchase Approval inconsistencies between the Business Plan and Constitution
 - o Lack of awareness of "Draft" Corporate Governance manual February 2005 by Committee, staff members and management.
- No gifts and benefits or conflicts of interest register
- Audit partners due for rotation this year as there has been no rotation for 7 years
- High risk of business failure due to no succession planning for key positions such as Finance Manager and CEO.

- High risk of fraud due to no segregation of duties of the Finance Manager and CEO:-
 - o Cash collection
 - o Purchasing,
 - o Payroll,
 - o EFT payments
 - o Credit Cards
- No understanding of QRL FMPM in areas of stock control.
- Club does not perform an analysis of Committee expenses
- The Board does not see the CEO credit card reconciliation, only the Treasurer. It is not always signed and not dated and no evidence of supporting documentation.

Equine Influenza Grant \$200,000

- CHAPS funding of \$200,000 not minuted by the board and no formal plan made to expend the funds in line with the purchasing policy. This is a significant sum of money.
- Non Compliance with the funding guidelines and the supporting documentation could not be supplied at the time of the review.
- A breakdown was subsequently provided to QRL and potentially has not been used in accordance with the grant requirements and may need to be repaid to the Commonwealth.
- The major portion of \$200K will be required to be reimbursed to QRL and forwarded on to the Federal Government.

Finance Operations

Cash Collection and Disbursements

Areas that raise serious concern and raise opportunity for the misappropriation of funds

- SCTC does not reconcile bars sales against bar stock levels
- Margin levels are only looked at and very manual process which is able to be manipulated to achieve the desired result.
- Club of this size should have a POS system similar to the GCTC to ensure that there are effective controls integrating inventory with bar sales.
- Feature Days – lack of controls which could lead to misappropriation of funds
 - Bar till tapes not reconciled to Cash Collected.
 - Lack of reconciliations of gate takings and race day attendance records and token counts.
 - Club cannot produce accurate attendance numbers to tie back to sales in the general ledger.
 - High level of Non payers compared to payers as compared to other clubs.
- Lack of controls over cash handling and no segregation of duties i.e. with front counter, petty cash and admissions at gate.

Donations

- Non compliance with Sec 112 of *Racing Act 2002* requiring prior approval of donations from QRL
- Club made \$10,259 FY06/07 \$4,977 FY07/08 and \$23,023 YTD to 31 March 2009.
- Donations not correctly accounted for as a separate expense line and any contra donation not recorded correctly, revenue and expenditure in line with the sponsorship register.
- No recognition or documentation of the actual cost to the club and lack of reconciliations for charity days and actual cost to the club.

Accounting Records

- No formally documented purchasing or tendering policy or procedure in place.

- Bank accounts and investments are managed by the CEO and Finance Manager with no involvement by the board or sub committees.
- No investment Policy

Credit Card

- Credit card statements are not signed with supporting documentation
- No formally documented policy for the use of the corporate card
- Some CEO expenses did not appear to be on club's business i.e. trip to Japan in October for accommodation for CEO and spouse after the Asian Racing Conference.
- There was no reason for the travel or a demonstration of a club benefit in the minutes.
- The Treasurer did not authorise and date these.

Purchasing

- No formally documented purchasing or tendering policy or procedure in place.
- Delegation limits not documented
- Tenders or quotes not always obtained and approved by the board.
- Contracts not presented to the board for review and approval
- Purchase orders are not always followed
- Lack of control over fuel card usage
- No formal phone usage policy
- No documented procedures for approving committee benefits and complimentaries
- No analysis of committee expenses

Sponsorship

- Sponsorship Agreements are made verbally and not always formalised
- Contracts not presented to the board for review and approval
- Difficult to track and incorrectly recorded for accounting.
- Areas open for cash rebates
- 100 club member becomes a major sponsor on a feature day therefore diminishing the potential return for a major sponsor and additional revenue to the club

Payroll and HR

- CEO is fully responsible for the employment of all staff for the SCTC
- Only the Remuneration Committee approves the annual increases
- No documented employee agreements for 7 out of 20 staff
- No job descriptions/role profiles for 18 out of 20 staff
- Verbal direction to change payroll information from CEO
- Excessive leave balances and long service leave incorrectly set up in accounting system therefore placing reliance on an external party to calculate.
- No formal records of interviews or selection process
- Employee allowances not documented in employee agreements
- Potential nepotism
- CEO is on \$161K including super and gets a company car on top of this.
- CEO expenses appear to be excessive in the area of telephone and fuel

Back up, storage and version control of electronic records

- This area is very weak with full user access in MYOB accounting software to the CEO, receptionist, Functions Coordinator and Racing Services Manager.
- Stock sheets manually performed and kept in excel
- Back ups are taken home by Finance Manager

Communication Strategy:

Communicate with the club committee.

Recommendation:

It is recommended that QRL rectifies the poor performance of the Sunshine Coast Turf Club as assessed by Deloitte by raising the issues with the Sunshine Coast Turf Club Committee.

It is recommended that the QRL audit committee and Deloitte meets with the SCTC committee on Monday 17 August 2009 to address the report.

Furthermore, it is recommended that QRL performs a follow up assessment of the club to ascertain the level of improvement in the policies and procedures in place in late 2010, and to monitor the future performance of the club.



Adam Carter

FINANCE MANAGER

Queensland Racing
Corporate Governance and
Financial Management assessment of
Queensland Racing Clubs (Sunshine
Coast Turf Club)

July 2009

DRAFT REPORT

This draft report is subject to our internal review procedures and accordingly, we reserve the right to add, delete and/or amend the draft report as appropriate. This draft is provided purely for discussion purposes and is solely for the use of the addressees or out terms of engagement and solely for the purposes set therein. No party is entitled to rely on this incomplete report. It should be not be made available or copied in whole or in part to any party other than an addressee without our express approval in writing.

Mr Adam Carter
Finance Manager
Queensland Racing
PO Box 63
Sandgate QLD 4017

10 July 2009
Our Ref: 273058

Dear Adam,

Re: Corporate Governance and Financial Management assessment of Queensland TAB Racing Clubs (Sunshine Coast Turf Club)

Please find attached our revised draft report relating to our recently-completed engagement upon selected operations of the Sunshine Coast Turf Club (SCTC).

If you have any questions or wish to discuss any findings in the report, please contact Jason Swemmer on 3308 7102 or me on 3308 7046.

Yours sincerely,

Carl Gerrard
Partner

Contents

1	Executive Summary	4
	1.1 Introduction	4
	1.2 Background	4
	1.3 Key Findings	5
	1.4 Engagement Rating	9
	1.5 Acknowledgement	9
	1.6 Report Clearance	10
	1.7 Conclusion	10
	1.8 Management Response	10
2	Detailed Findings	11
	2.1 Club Assessment – Sunshine Coast Turf Club	11
	Primary Focus Area – Corporate Governance	11
	Primary Focus Area – Finance	20
	2.2 Ratio Analysis – Financial Health	48
	2.3 Sample Transaction Testing	49
	Appendix A – Analysis of Credit Card Expenses	50
	Appendix B – Analysis of Fuel Card Expenses	52
	Appendix C – Analysis of Mobile Phone Expenses	54
	Appendix D – Analysis of Bar Net Profit Margins	55
	Appendix E – Analysis of Gate Takings & Attendance Numbers	56
	Appendix F – Analysis of Committee Meeting Attendances	57
	Appendix G – Sponsorship Register	59
	Appendix H – Registered 100 Club Sponsors 2009	61
	Appendix I – List of Creditors and Suppliers of SCTC	63
	Appendix J – Extract of Related Legislation	66
	Racing Act 2002 Club Provisions	66
	Queensland Rules of Racing Clubs	69
	Appendix K – Statement of Responsibility	70
	Appendix L – Terms of Reference	72

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1 Executive Summary

1.1 Introduction

Deloitte Touche Tohmatsu (“Deloitte”) has undertaken a review of Sunshine Coast Turf Club (“SCTC”) on behalf of Queensland Racing Limited (“QRL”). The engagement was performed in accordance with Australian Standard on Assurance Engagements ASAE 3000, “*Assurance Engagements Other than Audits or Reviews of Historical Financial Information.*” Further information in relation to the extent of the procedures performed and the scope of our engagement is detailed in Appendix K – Statement of Responsibility and Appendix L – Terms of Reference, respectively.

1.2 Background

The objective of this report was to evaluate SCTC’s corporate governance and financial management framework with specific focus on the following areas:

Corporate Governance

- Legislative Compliance
- Business Planning
- Internal Control Environment
- Risk Management
- Performance Evaluation and Review.

Finance Operations

- Financial reporting, accounting records and accountability
- Club Funding and other revenue
- Capital Expenditure
- Capital Assets
- Cash flow management
- Payroll, including administration costs including staff salary levels, staff numbers (permanent and casual) and staff allowances
- Cash collection and controls on race day through catering, bars, admissions, security, handling, collection and banking
- Credit Cards management (register, policy, limits, delegations)
- Debtor and creditor statements, stock and invoicing.

1.3 Key Findings

We have provided a summary of key findings below:

Corporate Governance

- Retiring members of the SCTC Board have regularly stood for immediate re-election at Annual General Meetings. As a result, certain SCTC Board members have been elected into the same position in consecutive terms spanning more than ten years. While SCTC may not be mandated by legislative or constitutional requirements applicable to publicly listed companies, lengthy tenures and lack of rotation in Board members do not encourage healthy club governance and is not in accordance with better practice. Refer to Appendix F for analysis of board meeting attendances and election process.
- SCTC roles and responsibilities and required interactions with the Sunshine Coast Racing Unit Trust (the Trust) are unclear. For example, SCTC was uncertain whether it is the club's responsibility to recognise a depreciation expense for newly-purchased capital assets. There also appears to be lack of regular communication from the Trust committee back to the SCTC Committee during the monthly meetings. The lease agreement between SCTC and the Trust has not been signed since the commencement of the agreement in November 2006.
- SCTC's risk management plan has not been updated to reflect the operations of the trust. We acknowledge that the CEO and the Board will attend a retreat in April 2009 to discuss the impacts of night racing on the club.
- With the exception of the remuneration committee, the effectiveness of SCTC's sub committee structure is questionable, with minimal involvement and input noted from these sub committees during Committee meetings in the 2007/08 and 2008/09 financial year periods to date.
- SCTC received an Equine Assistance Grant totalling \$200,000 from QRL. While SCTC has submitted a signed declaration stating its intention and plans to spend the amount in accordance with the scheme's objectives, SCTC had not prepared a detailed cost breakdown of how the funds have been expended, at the time of our review. Therefore, we were unable to review SCTC's compliance with the scheme's objectives during our review. We also did not note any evidence of discussions at Committee meetings of how the Grant would be spent.
- Inconsistencies exist between SCTC's Business Plan and Constitution with regard to purchase approval requirements. The Business Plan states, "*As per the constitution rules, the Chief Executive and the Treasurer must sign off on all expenditure. In the Treasurer's absence, the Chairman is to sign.*" However the Constitution states, "*All expenditure shall be ratified at a meeting of the Board of Management*". SCTC should make the necessary amendments to align these requirements for clarity and consistency.
- SCTC did not maintain a gifts / benefits register and record of Board members' interests for conflicts of interest purposes. SCTC has developed a draft Corporate Governance Manual dated February 2005. The manual incorporates requirements surrounding conflicts of interest, receiving gifts/benefits, roles and responsibilities of the Board, auditor independence and rotations of audit partners. We observed a lack of awareness of this manual by staff members and SCTC management in general.
- SCTC's external auditors (Love & Partners) have been engaged to provide auditing and accounting services to the club since 2003. SCTC has not considered engaging another

firm to provide these services due to the competitive pricing provided to the club by Love & Partners. We noted SCTC's draft Corporate Governance Manual states that external audit partners should be rotated after a maximum of seven years. Based on this, the audit partner from Love & Partners is due to be rotated for the 2009/10 financial year audit.

- No formal succession planning exists for key positions such as the Finance Manager and Chief Executive Officer (CEO), resulting in key-person risk issues to these roles. In addition, there is a segregation of duties issue related to the CEO, who has significant involvement in the day-to-day activities of running the club's operations. For example, the CEO performs both the race-day cash reconciliations and completed all the bar manager's duties until the bar manager rejoins SCTC in April 2009. These responsibilities are outside the scope of the CEO's responsibilities as outlined in the CEO's position description.
- SCTC's five-year Business Plan is reviewed annually. The business plan detailed SCTC's SWOT analysis results (Strengths, Weaknesses, Opportunities and Threats), key business objectives for the next five years, and analysis of the club's membership subscriptions and financial performance for the previous seven years. An annual budget forecast of key income and expenditure items is attached to the Business Plan.
- There were no documented employment agreements for 7 out of 20 full time SCTC employees. The CEO is responsible for the employment of all staff members. This includes the receptionist, two gardeners and four track-staff. In addition, there were no position descriptions for most roles, with only 2 out of 20 having formal position descriptions attached to their employment agreements.
- We noted the CEO has salary sacrifice arrangements to transfer approximately half of his wages to his self-managed superannuation fund (Sullivan Super Fund). However, no formal agreement was documented for this arrangement as this was communicated verbally to the Finance Manager to setup the arrangement in MYOB.

Financial Management

- SCTC did not reconcile bar sales against bar stock levels. Bar revenue was only reconciled for reasonableness against the net profit margin calculated on the bar stock-take results. Given the size of the club operations at SCTC, the club should invest in a point-of-sale (POS) retail system, integrating stock control with bar sales. In addition, on feature race days, we noted bar till-tapes were not being reconciled to the cash collected. The CEO currently signs off on all Purchase Orders greater than \$500, and is in charge of bar and stock levels.
- On feature race days, SCTC did not perform a reconciliation between gate takings and race-day attendance records, or token counts. This was attributed to:
 - the total number of paying-public attendance was based only on estimates, as no accurate records of gate attendance were available other than from the "clickers" used by the security guards;
 - token counts could not be reconciled, with two types of tokens - gold (\$10) or bronze (\$5) - being sold. The number of tokens being recycled throughout the day to replenish the sales booth was not recorded;
 - side gates are opened on feature race-days, allowing patrons to pass through the side by purchasing a paper ticket, which is surrendered to gate security guards. The paper

tickets were not counted at the end of the race day, as the paper tickets were also being recycled throughout the day for re-use.

Appendix E provides further analysis of gate takings and attendance numbers.

- Stock-takes of fixed assets were not conducted by either the club or the club's external accountant. Changes to the fixed asset register (additions or removals) were made by the club's accountant when notified. As noted above, new capital assets were not being recorded in the fixed assets register, while the club waits for instructions from the Trust to confirm the appropriate treatment to be applied. These assets included the signs finishing post (\$8,675), glass hinged door (\$3,336) and 8 tub chairs for the committee room (\$2,459). These items are therefore not currently being depreciated.
- Donations made to charities from race-day gate takings were deducted directly from the total gate sales revenue in MYOB. Therefore, these payments were not being reported as an expense in the financial statements, under the relevant donation general ledger account. For example, the club donated \$2 from each ticket sold on the Grand Opening of Night Racing to the Reed Charity Foundation.
- Section 112 of *Racing Act 2002* requires clubs to obtain written approval from QRL prior to making donations to charities, or other benevolent, or special purposes. SCTC has not complied with this requirement as the club made several donations to charities without approval from QRL, during the 2007/08 and 2008/09 financial years. This includes the donation to Reed Charity Foundation mentioned above and other payments made using a credit card.
- As at 31 March 2009, five staff members have accrued more than eight weeks of annual leave and four employees have accrued more than ten weeks of long-service leave. We also noted that long service leave was incorrectly set up in MYOB impacting on its accuracy. SCTC placed reliance on spreadsheets developed by Love & Partners to calculate long-service leave entitlements.
- We identified excessive MYOB user access privileges granted to a number of staff members including the receptionist, CEO and Racing Services Manager. These staff members do not require full access to perform their roles and responsibilities. Full access provides staff with the ability to add/delete/modify records in SCTC's accounting books, which increases the risk of fraud and material misstatement in the club's financial statements.
- There was no documented delegation of authority limits for purchases and expenditure. The CEO is required to authorise any purchase orders above \$500 and Board approval is required for purchases above \$5,000. However, we noted instances where the Board was not involved in decisions for purchases above \$5,000.
- Club expenses incurred from staff/committee benefits were monitored and reviewed by the CEO only. These expenses include fuel card usage, mobile phone, motor vehicle expenses and complimentary beverages/catering. We recommend these expenses be monitored by the Treasurer or the Board. SCTC should also develop a documented policy that outlines the acceptable and reasonable use of staff/committee benefits for legitimate club business purposes only. We noted instances where expenses appeared to be excessive, including \$838.83 for fuel and \$950.40 for mobile phone calls, in a single month. Refer Appendices B and C for further analysis of fuel card and mobile phone expenses.

- SCTC does not have a written agreement/contract with a number of regular suppliers of bar beverages. These include Hotel Liquor Wholesalers (HLW) and Fosters. The lack of a written agreement exposes SCTC to risks such as price increases.
- Controls over cash received over the front counter in the reception area were lacking. Cash is kept in an unlocked tin placed in the bottom shelf under the reception counter. Cash amounts entered into the Access database to issue receipts are modifiable by the receptionist even after the receipt is issued. There is also a lack of duty segregation in that the receptionist is responsible for receipting, banking and reconciling the cash before it is banked.
- There was a lack of preventative controls in petty cash, where no surprise counts were performed and no reimbursement forms are required to be completed for purchases made using petty cash. Reconciliation of petty cash against dockets returned by staff is only performed when the \$300 float is expended. While nothing has come to our attention to suggest that petty cash funds have been misappropriated, SCTC has minimal controls to identify potential theft of petty cash in a timely manner.
- A majority of SCTC sponsorship arrangements were agreed verbally, particularly those involving smaller organisations. We acknowledge that a sponsorship agreement template has since been developed and where possible, written agreements were obtained by the Sponsorship Co-ordinator.
- '100 Club' sponsors are invoiced in February each year with fees received by the club being immediately recognised as income. We acknowledge that the existing accounting treatment may have immaterial effects to the profit and loss statements of SCTC, due to the recurring nature of the 100 Club sponsorship payments each year. However, in line with prevailing accounting standards and good practice, sponsorship revenue related to race-days in the next financial year should be accrued as prepayments in the current financial year. Refer to Appendix H for list of 100 Club sponsors for 2009.
- The level of financial maturity and adherence to policies and procedures has not significantly improved since our previous review in 2005.

1.4 Engagement Rating

Based on the scope of our engagement, SCTC's performance relevant to corporate governance and finance operations has been detailed below. This rating is based on observations made during the engagement, and in some areas these observations may have been limited by the scope of the work performed. The rating is intended to assist QRL's senior management and the Audit Committee to focus on areas of greatest concern, and does not represent an "Assurance Conclusion" as defined by ASAE 3000.

Focus Area	SCTC 2009 (Current Result)	SCTC 2005
Corporate Governance		
Legislative Compliance		
Business Planning		
Internal Control Environment		
Risk Management		
Performance Evaluation and Review		
Finance Operations		
Financial reporting and accountability		
Club Funding		
Capital Expenditure		
Capital Assets		
Payroll		
Accounting Records		
Cash Collection and Disbursements		
Purchasing		

	A small number of compliance weaknesses/opportunities for improvement identified.
	Several compliance weaknesses of concern identified.
	Poorly controlled - significant weaknesses in compliance identified.

1.5 Acknowledgement

We wish to place on record our appreciation of the assistance and co-operation received from key representatives from the club and the management and staff of QRL.

1.6 Report Clearance

The contents of this report have been discussed with Kylie Perry (Finance Manager) and Michael Sullivan (Chief Executive Officer).

1.7 Conclusion

Based on our review, which is not an audit, SCTC did not, in all material respects, maintain adequate controls over corporate governance and finance operations in accordance with the objectives stated in the signed terms of reference.

Deloitte Touche Tohmatsu
Carl Gerrard
Partner
Brisbane, July 2009

1.8 Management Response

<insert Management response>


SUNSHINE COAST TURF CLUB INC.
Race in for the action

30 July 2009

R G Bentley
Chairman
Queensland Racing
PO Box 63
SANDGATE Q 4017

RECEIVED

Dear Bob,

RE: QUEENSLAND RACING/DELOITTES AUDIT REPORT

We note that our Club delivered its response to the report prepared by Deloitte and which was acted upon by Queensland Racing and in particular by Mr Hanmer who addressed our Committee at Queensland Racing Headquarters on 11 May 2009.

An extensive response has been provided and we further note that we requested, as part of our response, that our Board be given the opportunity to address Queensland Racing in relation to the report and to discuss a number of issues that were raised therein, in particular the inaccuracies contained in the Deloitte report and to also address some of the gross inadequacies of the report.

There is a substantial amount of concern amongst the Board that our Club was seen by the Deloitte report to be operating in what can only be termed as a poor manner when in fact a balanced view of the report having regard to our response would be that much of which caused Deloitte to reach conclusions was based on information that was simply incorrect.

In fairness, we believe that we are entitled to be heard and to discuss any issues that remain in relation to the report and also to receive an acknowledgment that there were some serious aspects of the report which were just inaccurate and which then placed our Club and its Committee and some of its staff in a very poor light. The record needs to be corrected and it is for that reason that our Board has requested we approach you so that those various issues can be discussed.

Please advise when we might be able to meet with the relevant personnel, particularly with Mr Hanmer who was very damaging and disparaging in his remarks of our Board, Chief Executive and Finance Manager when he addressed our Board on 11 May 2009.

Yours sincerely



Les Geeves
Chairman

cc: Tony Hanmer



SUNSHINE COAST TURF CLUB INC.
Race in for the action

10 June 2009

Mr Robert Bentley
Chairman
Queensland Racing Limited
P O Box 63
SANDGATE QLD

Dear Bob,

**RE: RESPONSE TO DRAFT REPORT – CORPORATE GOVERNANCE
AND FINANCIAL MANAGEMENT ASSESSMENT OF QUEENSLAND
RACING CLUBS (SUNSHINE COAST TURF CLUB) APRIL 2009**

Please find **enclosed** herewith our Response to the **Draft Report** that was prepared by Deloitte Touche Tohmatsu Ltd (Deloitte).

There has been a significant amount of work undertaken by the Board and staff of the Sunshine Coast Turf Club in response to this report.

You will see from the enclosed Response that there are some very serious inaccuracies in the report from Deloitte.

We also, as a Board, must say that we are particularly concerned about the way in which we were treated at the meeting on 11 May 2009.

We note that a power point presentation was prepared and presented to us which showed the Club in a very poor light and we were heavily criticised for the operation of the Club with a clear theme being that the Club had gone backwards and it wasn't being managed correctly, much of which was directed at the CEO as well as the Committee.

Having now had time to properly consider the **Draft Report** we can understand why you may have been of that view in the first place, however we would have thought that a balanced way of undertaking this process would have been to provide us with the report and afford us natural justice and call for a response before calling the full Board down for a meeting and then proceed to make most serious allegations about the operation of the Club.

We are certainly of the opinion that, had we been provided with the Report and the opportunity as we have now had to consider this Report, this would have resulted in our being able to provide you with a balanced response which we believe we have done in the enclosed document.

We also recognise that there are some areas of improvement that have been identified by us in our response, however those areas of improvement are particularly minor when you have a look at the way in which the power point was presented to us and which was based on total inaccuracies by Deloitte's.

In fact we cannot understand how Deloitte's could prepare such a **Draft Report** and have you act upon it when there are some glaring mistakes. The most glaring is Appendix E where the auditors have failed to pick up the dollar value of pre-pays and only recorded the total cash received on the race day. This mistake is incomprehensible and we note that it was heavily emphasised by Mr Hanmer in the power point presentation. The discrepancy that the auditors failed to pick up in their audited report was \$79,694.80 inclusive of GST and which is now shown in our Appendix 8.

Another glaring mistake was the comment regarding "unable to locate paper work". At no point was the Finance Manager asked to provide any paper work and that is referred to in Appendix E. In actual fact paper work was held aside due to the dismissal of the gate staff member and the pending legal allegations from his mother. Five of these documents pertaining to the staff member were being held out as evidence in the event of the legal action. The other document of Sunday 10 August 2008 pertained to a day that we did not race and actually the sales related to Friday, 8 August 2008. These are just two instances where the Report is completely inaccurate and these inaccuracies can be viewed in our Appendix 16.

Our Club is run in an extremely professional manner and employees are highly experienced, educated and intelligent staff and we find it rather offensive that the auditors have got some of the most serious allegations completely wrong.

We are more than happy to discuss any aspect of this Report and in fact we would like to be afforded the opportunity to meet with you to discuss the Report as we find that this would perhaps, put some balance back into the way in which we were first presented with Deloitte's report.

Yours sincerely



Les Geeves
Chairman

Encl.

Mr Adam Carter
Finance Manager
Queensland Racing Limited
PO Box 63
SANDGATE QLD

10 July 2009
Our Ref: 273058

Dear Adam,

Re: Sunshine Coast Turf Club's (SCTC) response to Corporate Governance and Financial Management Assessment of Queensland Racing Clubs April 2009 Draft Report

We have reviewed SCTC's response and noted the following:

- **Appendix E – Pre paid tickets:** In examining the reconciliation of ticket sales against gate attendance numbers provided by SCTC in Appendix 8 of their response, we acknowledge the average gate ticket price has not been accurately stated in our draft report, as a resulting of excluding the pre-paid amounts from the total ticket sales amount. As noted in SCTC's response in section 1.3.14, the pre-paid ticket amounts were not included in the Race Day Reconciliation spreadsheets, which we placed reliance on to perform our analysis.
- **Appendix E - Paperwork not located:** Our analysis of the gate takings and attendance numbers was to analyse the average gate ticket prices per head within the audit period, rather than to highlight missing paperwork from SCTC's records. Deloitte was never made aware of the pending legal allegations against the gate staff member and the removal of the associated paperwork.
- **SCTC management responses:** We have noted SCTC's management responses to the findings identified in our draft report. We would request that SCTC individually outline the **action plan, action target date and action owner** for each of SCTC's responses, where applicable. This is to help ensure that the stated action plans are appropriately implemented in a timely manner in moving forward. An example management response format is provided below.

Management Action Plan

Action Plan:

Action Target Date:

Action Owner:

We have also attached our detailed response to each of SCTC's responses and an amended report.

Yours sincerely,



Carl Gerrard
Partner

Deloitte's response to SCTC's response dated 10 June 2009

1.3.1 - We acknowledge that SCTC is governed by the Club's Constitution established in 1988. We noted that Brisbane Racing Club and the Gold Coast Turf Club operate under the Corporations Act. It is proposed that governance of a similar level be applied to the SCTC. Deloitte's audit involvement with QRL commenced in 2004 and we noted that for a 5 year period between 2003 and 2008 there was no change in the Board members. No significant amendments have been made to the Club's Constitution since it was last updated in September 2005. Regular changes in Board members after 3 years of membership is a good practice in achieving enhanced governance.

1.3.2 - Response noted. Need to state the action target date & action owner.

1.3.3 - Response noted. Need to state the action target date & action owner.

1.3.4 - Response noted. Need to state the action target date & action owner.

1.3.5 - SCTC's management response did not address how the expenditure from the grant was not discussed during Committee meetings.

The auditors spent 2 weeks on site and this information was requested on the first day. SCTC only provided the response on the last day (end of second week – 3 April 2009) during the auditor's visit. QRL needs to assess whether or not the supporting documentation provided in Appendix 3 is satisfactory.

1.3.6 - Response noted. Need to state the action target date & action owner.

1.3.7 - Response noted. Need to state the action target date & action owner.

1.3.8 - SCTC did not state that it will update and finalise its Corporate Governance Manual, established in 2005.

1.3.9 - SCTC's response does not address the issue. We acknowledge SCTC staff may be multi skilled. However, formal succession planning is required to analyse the skills and knowledge required for a staff to perform another staff's role if they are away or departs from the organisation. This is particularly crucial for the CEO and Finance Manager's role. This issue also links to the annual leave/long service leave i.e. key staff are unable to take leave, as there may be no other staff member who is sufficiently competent to replace in their absence.

1.3.10 - Response noted.

1.3.11 - Response noted. Need to state the action target date & action owner.

1.3.12 - Response noted. Need to state the action target date & action owner.

1.3.13 - The observations made were based on current developments in the industry for improvement opportunity purposes. We acknowledge the experience of SCTC Board in liquor licenses and bar operations. Nevertheless, implementation of a POS system may introduce efficiencies to the club, not possible if performed manually. A small example: with POS system, SCTC will have the information to maintain lower levels of stock on race days.

The issue remains - there is no reconciliation between bar stock levels and bar sales from race days. On feature race days particularly, there is no reconciliation between bar sales & cash collected.

1.3.14 - Prepaid ticket amounts were not included in the Race Day Reconciliation spreadsheet, which we placed reliance on, in discussion with the Finance Manager. Refer to 4 November 2008 Melbourne Cup Race Day Reconciliation spreadsheet, which highlights only \$97K of gate takings. As per SCTC's response, the Finance manager advised that pre paid income did not form part of the reconciliation and needs to be added.

Based on the new information (both for missing paperwork and updated figures to include pre paid tickets), we have updated Appendix E in our draft report accordingly.

Issue remains – gate takings were not being reconciled against attendance records or token counts on feature race days.

1.3.15 - Issue remains – stock takes of fixed assets were not conducted by either the club or the club's external accountant.

1.3.16 - Response noted. Need to state the action target date & action owner.

1.3.17 - Response noted. Need to state the action target date & action owner.

1.3.18 - Response noted. Need to state the action target date & action owner.

1.3.19 - Issue remains – Segregation of duties in an accounting system is critical despite having trustworthy, long service or multi-skilled employees. Access should be provided only to those employees who require it to perform their daily responsibilities. Response noted. Need to state the action target date & action owner.

1.3.20 - Issue remains– delegation of authority was not documented in an SCTC policy document. The two instances noted where the Board was not involved in decisions for purchases above \$5,000 was an observation made based on the fact that nothing was discussed and minuted in regards to these purchases in the Board meeting minutes.

1.3.21 – Issue remains – SCTC did not state that it will develop a documented policy that outlines the acceptable and reasonable use of staff/committee benefits for legitimate club business purposes only.

1.3.22 - Response noted. SCTC should have more formal contract management process to ensure all contracts due to expiry are renewed in a timely manner. The Board should also be provided with updates on the status of key contracts.

1.3.23 - Response noted. Need to state the action target date & action owner.

1.3.24 - Response and proposed actions noted.

1.3.25 - Response noted. Need to state the action target date & action owner.

1.3.26 - Response noted. Need to state the action target date & action owner.

1.3.27 - Response noted. Need to state the action target date & action owner.

2.1.1 - Response noted.

Remove report wording: "we noted that there was no formal signed engagement letter between SCTC and Love & Partners covering these services"

2.1.2 - Response noted.

2.1.3 - Response noted. Refer 1.3.5

2.1.4 - Response noted.

2.1.5 - Response noted. Need to state the action target date & action owner.

Update report wording: "the sub-committee did not appear to have reported back to the Committee on their activities."

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2.1.7 - Response noted. Need to state the action target date & action owner.

2.1.8 - Response noted. Need to state the action target date & action owner.

2.1.9 - Response noted. Refer 1.3.9

2.1.10 - Response noted.

2.1.11 - Response noted.

2.1.12 - Response noted. Need to state the action target date & action owner.

2.1.13 - Response noted.

2.1.14 - Response noted.

2.1.15 - Response noted.

2.1.16 - Response noted. Need to state the action target date & action owner.

2.1.17 - Response noted.

2.1.18 - Response noted.

2.1.19 - Response noted.

2.1.20 - Response noted. Refer 1.3.5

2.1.21 - Response noted.

2.1.22 - Response noted. Need to state the action target date & action owner.

2.1.23 - Response noted. Need to state the action target date & action owner.

Update report wording: "We also noted the Board did not appear to have been involved in the supplier selection process" – for the Nissan Maxima

2.1.24 - Response noted. Refer 1.3.2

2.1.25 - Response noted.

2.1.26 - Response noted.

2.1.27 - Response noted.

2.1.28 - Response noted.

2.1.29 - Response noted. Need to state the action target date & action owner.

2.1.30 - Response noted. Refer 1.3.20

Update report wording: "We noted this did not appear to have occurred consistently as noted in the Capital Expenditures section above."

2.1.31 - Response noted.

2.1.32 - Response noted. Need to state the action target date & action owner.

2.1.33 - Response noted.

2.1.34 - Response noted.

2.1.35 - Response noted.

2.1.36 - Response noted.

2.1.37 - Response noted. Refer 2.1.29

2.1.38 - Response noted. Need to state the action target date & action owner.

2.1.39 - Response noted. Refer 1.3.11 and 1.3.12.

2.1.40 - Response noted. Refer 1.3.16

2.1.41 - Response noted.

2.1.42 - Response noted. "Partly" rating was given as SCTC engaged Love & Partners to assist the Finance Manager in producing BAS statements, performing reconciliations and finalising the financials for the monthly Board meetings. The typical role of a Club Finance Manager does not usually require this kind of assistance and is usually done in-house.

2.1.43 - Response noted. Need to state the action target date & action owner.

2.1.44 - Response noted. Need to state the action target date & action owner.

2.1.45 - Response noted. Refer 1.3.18.

2.1.46 - Response noted.

2.1.47 - Response noted. Refer 1.3.23

2.1.48 - Response noted. Need to state the action target date & action owner.

2.1.49 - Response noted.

2.1.50 - Response noted.

2.1.51 - Response noted. Refer 1.3.14

2.1.52 - Response noted.

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2.1.54 - Response noted. However, SCTC should also monitor its own fixed assets (plant & equip) for impairment.

2.1.55 - Response noted.

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2.1.57 - Response noted. Need to state the action target date & action owner.

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2.1.59 - Response noted. Need to state the action target date & action owner.

2.1.60 - Response noted.

2.1.61 - Response noted.

2.1.62 - Response noted. Refer 1.3.13 and 1.3.14

2.1.63 - Response noted. Need to state the action target date & action owner.

2.1.64 - Response noted. Refer 1.3.24

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2.1.67 - Response noted.

2.1.68 - Response noted.

2.1.69 - Response noted. Refer 2.1.58

2.1.70 - Response noted. Refer 1.3.19

2.1.71 - Response noted. Refer 1.3.20

2.1.72 - Response noted. Need to state the action target date & action owner.

2.1.73 - Issue remains – discussion regarding the club's bank account structure and cash balances at the Board level were not minuted.

2.1.74 - Response noted. Need to state the action target date & action owner.

Deloitte's response to SCTC's response dated 10 June 2009

1.3.1 - We acknowledge that SCTC is governed by the Club's Constitution established in 1988. We noted that Brisbane Racing Club and the Gold Coast Turf Club operate under the Corporations Act. It is proposed that governance of a similar level be applied to the SCTC. Deloitte's audit involvement with QRL commenced in 2004 and we noted that for a 5 year period between 2003 and 2008 there was no change in the Board members. No significant amendments have been made to the Club's Constitution since it was last updated in September 2005. Regular changes in Board members after 3 years of membership is a good practice in achieving enhanced governance.

1.3.2 - Response noted. Need to state the action target date & action owner.

1.3.3 - Response noted. Need to state the action target date & action owner.

1.3.4 - Response noted. Need to state the action target date & action owner.

1.3.5 - SCTC's management response did not address how the expenditure from the grant was not discussed during Committee meetings.

The auditors spent 2 weeks on site and this information was requested on the first day. SCTC only provided the response on the last day (end of second week – 3 April 2009) during the auditor's visit. QRL needs to assess whether or not the supporting documentation provided in Appendix 3 is satisfactory.

1.3.6 - Response noted. Need to state the action target date & action owner.

1.3.7 - Response noted. Need to state the action target date & action owner.

1.3.8 - SCTC did not state that it will update and finalise its Corporate Governance Manual, established in 2005.

1.3.9 - SCTC's response does not address the issue. We acknowledge SCTC staff may be multi skilled. However, formal succession planning is required to analyse the skills and knowledge required for a staff to perform another staff's role if they are away or departs from the organisation. This is particularly crucial for the CEO and Finance Manager's role. This issue also links to the annual leave/long service leave i.e. key staff are unable to take leave, as there may be no other staff member who is sufficiently competent to replace in their absence.

1.3.10 - Response noted.

1.3.11 - Response noted. Need to state the action target date & action owner.

1.3.12 - Response noted. Need to state the action target date & action owner.

1.3.13 - The observations made were based on current developments in the industry for improvement opportunity purposes. We acknowledge the experience of SCTC Board in liquor licenses and bar operations. Nevertheless, implementation of a POS system may introduce efficiencies to the club, not possible if performed manually. A small example: with POS system, SCTC will have the information to maintain lower levels of stock on race days.

The issue remains - there is no reconciliation between bar stock levels and bar sales from race days. On feature race days particularly, there is no reconciliation between bar sales & cash collected.

1.3.14 - Prepaid ticket amounts were not included in the Race Day Reconciliation spreadsheet, which we placed reliance on, in discussion with the Finance Manager. Refer to 4 November 2008 Melbourne Cup Race Day Reconciliation spreadsheet, which highlights only \$97K of gate takings. As per SCTC's response, the Finance manager advised that pre paid income did not form part of the reconciliation and needs to be added.

Based on the new information (both for missing paperwork and updated figures to include pre paid tickets), we have updated Appendix E in our draft report accordingly.

Issue remains – gate takings were not being reconciled against attendance records or token counts on feature race days.

1.3.15 - Issue remains – stock takes of fixed assets were not conducted by either the club or the club's external accountant.

1.3.16 - Response noted. Need to state the action target date & action owner.

1.3.17 - Response noted. Need to state the action target date & action owner.

1.3.18 - Response noted. Need to state the action target date & action owner.

1.3.19 - Issue remains – Segregation of duties in an accounting system is critical despite having trustworthy, long service or multi-skilled employees. Access should be provided only to those employees who require it to perform their daily responsibilities. Response noted. Need to state the action target date & action owner.

1.3.20 - Issue remains– delegation of authority was not documented in an SCTC policy document. The two instances noted where the Board was not involved in decisions for purchases above \$5,000 was an observation made based on the fact that nothing was discussed and minuted in regards to these purchases in the Board meeting minutes.

1.3.21 – Issue remains – SCTC did not state that it will develop a documented policy that outlines the acceptable and reasonable use of staff/committee benefits for legitimate club business purposes only.

1.3.22 - Response noted. SCTC should have more formal contract management process to ensure all contracts due to expiry are renewed in a timely manner. The Board should also be provided with updates on the status of key contracts.

1.3.23 - Response noted. Need to state the action target date & action owner.

1.3.24 - Response and proposed actions noted.

1.3.25 - Response noted. Need to state the action target date & action owner.

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AUDIT COMMITTEE PAPER NUMBER: 6
Corporate Governance and Financial Assessment of Townsville Turf Club

PURPOSE:

The purpose of this paper is to advise the Audit Committee of the findings arising from the Corporate Governance and Financial Assessment of the Townsville Turf Club (TTC) conducted in June 2009.

BACKGROUND AND ISSUES:

During 2005 and 2007 each of the 9 TAB venue clubs had Deloitte undertake a review of their activities. In FY0809 the Townsville Turf Club was selected as one of the clubs to be reviewed.

A summary of assessment has been attached highlighting the findings for the club along with a copy of the report, entitled "Corporate Governance and Financial Management assessment of Queensland Racing Clubs" for the club.

Ratings are based on observations made during the engagement and sample testing as follows:-

Focus Area	TTC 2009 (Current)	TTC 2007	TTC 2005
Corporate Governance			
Legislative Compliance	Red	Yellow	Yellow
Business Planning	Red	Yellow	Red
Internal Control Environment	Red	Yellow	Yellow
Risk Management	Red	Hatched	Hatched
Performance Evaluation and Review	Red	Yellow	Yellow
Finance Operations			
Financial reporting and accountability	Yellow	Green	Green
Club Funding	Yellow	Green	Yellow
Capital Expenditure	Red	Red	Red
Capital Assets	Red	Yellow	Red
Payroll	Red	Green	Green
Accounting Records	Yellow	Yellow	Yellow
Cash Collection and Disbursements	Red	Hatched	Hatched
Purchasing	Red	Hatched	Hatched

A	A small number of compliance weaknesses/opportunities for improvement identified.
B	Several compliance weaknesses of concern identified.
C	Poorly controlled - significant weaknesses in compliance identified.

The club will be written to requesting management responses to the assessment once the report has been tabled at the QRL Audit Committee.

QRL will aim to work closely with all assessed clubs this year to ensure they improve on their corporate governance and financial operational performance by providing assistance with compliance as outlined in the QRL Club Financial Management Procedures Manual (FMPM). This manual has undergone a review process and the updated version will be forwarded to all clubs and made available on the QRL website in September 2009.

A summary of key findings from the attached Deloitte report is highlighted below.

There is a level of deterioration in all areas of the business of TTC. There are now 10 major areas which are poorly controlled where there are significant weaknesses in compliance:-

1. Legislative Compliance
2. Business Planning
3. Internal Control Environment
4. Risk Management
5. Performance Evaluation and review
6. Capital Expenditure
7. Capital Assets
8. Payroll
9. Cash Collection
10. Purchasing

There were 3 areas of deterioration in the following areas where several compliance weaknesses were identified:-

1. Financial reporting and Accountability
2. Club Funding
3. Accounting Records

SUMMARY

The report supplied by Deloitte highlights the key issues faced by the Townsville Turf Club as well as any areas of improvement over previous review periods. Some of the key areas are as follows;

Overall Corporate Governance of the TTC has declined.

1. Corporate Governance issues have been raised concerning the adherence of the committee to the club's constitution as well as the absence of strategic, business, asset management, and risk management plans as required from all TAB clubs. Committee meetings have not been conducted in accordance with the club's constitution.

"We identified three instances of full committee meetings being conducted, despite having fewer than six committee members present to constitute a quorum. We also identified instances where committee members retained their membership after their lack of attendance at the full committee meeting for 3 consecutive meetings. The constitution states that non-attendance by any of the committee members for 3 consecutive regular monthly meetings will terminate their membership..." (Page 5 of report).

The CEO of the club has to date not been able to supply the above mentioned action plans despite frequent requests and offers of assistance by QRL. The provision of the plans forms part of the licensing requirements and is outlined by way of license renewal letters sent to clubs annually.

2. Review of all policies and procedures needs to be undertaken in order to ensure that the club is operating efficiently and safely, and to enable all staff to carry out their duties and a full understanding of their roles and responsibilities.

In addition to this there are no position descriptions or formal employment agreements available (including CEO) and therefore no clearly defined roles and responsibilities. This has resulted in the need for all routine decision making to be approved by CEO. The result of the lack of delegation of duties is that the CEO is not able to focus on the strategic development of the club.

"There appears limited delegation by the CEO to the management team, requiring all managers to involve the CEO in all matters. For example, the CEO is involved in performing the monthly bar stock take. Consequently, the CEO's capacity to focus on strategic club issues is constrained. This may have also contributed to the high staff turnover during 2008, including the Finance Manager, Marketing Manager and Racing Secretary roles."(Page 6 of report)

3. The club received \$85,000 from the Department of Agriculture, Fisheries and Forestry as an EI assistance grant for CHAPS. In accordance with the grant TTC was required to submit to QRL a signed declaration outlining the proposed spending as well as any supporting documentation. Despite several reminder letters and requests by QRL for the outstanding documentation the information is still outstanding.
4. Records management of the club is of concern with contracts, supporting documentation for suppliers and sponsors of major concern. Without adequate records management contracts are able to lapse without the knowledge of the organisation and therefore the opportunity to continue with, or negotiate more favourable, conditions is lost.

"A contracts register is not maintained by the club. There was no formal process in place for the engagement or tendering of contracts. Contracts were generally reviewed only when they expire. With no contract register, TTC does not have effective means of identifying upcoming contracts that are due to expire..." (Page 7 of report).

5. Assets Register is maintained by the club's external auditors and does not reconcile to the general ledger. Deloitte reviewers found many errors or omissions in the fixed asset register noting the following;

"Approximately half of the items get selected for testing relate to assets that have been disposed of by the club, but had not been removed from the fixed asset register. We also noted that acquisition dates in the asset register for certain assets, were inaccurate..." (Page 7 of report)

6. Employee entitlements calculations such as annual, sick and long service leave may be inaccurate as they have been incorrectly set up in the club's accounting package 'Quickbooks'. Superannuation and leave payments may be incorrectly paid as the calculation of accrued hours is inaccurate necessitating manual adjustments to correct errors. External auditors were not able to verify the balance of employee entitlements as at 30 June 2008.
7. The Club has no retail Point Of Sale software system operating that links point of sale with inventory such as that found at other TAB clubs such as GCTC and Rockhampton Jockey Club. This type of system enables the club to better manage and monitor stock movements and bar sales to inventory variances. As a result the cost of goods sold shown in the financial reports appears not to be a true reflection of the actual position.
8. There are several cash handling issues, including the use of TTC staff unaccompanied by security for cash sweeps from the various outlets on race days, and the counting of takings in the strong room located in the administration building with no security presence, in full view of any person entering the administration offices reception area. This presents the club with serious risk of exposing staff to unnecessarily dangerous conditions.

TTC has slipped in all rating areas, as highlighted above and needs to address these weaknesses as quickly as possible in order to work towards best practice for QLD racing clubs. Developing, or modifying, policy and procedures in the key areas identified in the report will ensure that the current deficiencies are addressed. The CEO needs to delegate responsibility for day to day operations to his management team allowing him to concentrate his efforts on more strategic decisions.

The implementation of a Point Of Sale inventory control system as employed by other clubs is a positive means of ensuring the integrity of stock controls and serves to assist clubs in catering operations management practices. It would be beneficial for the club to consider this as the most appropriate way forward for inventory control.

Of particular concern is the non compliance of the committee with the club's own constitution and with the licensing requirements of the control body (QRL). It is imperative that the Townsville Turf Club supply the outstanding information and ensure that information is supplied to QRL within the timeframes outlined in the license renewal letter, and according to the *Racing Act 2002*.

QRL will need to work closely with the club to address the issues and provide guidance and training with the roll out of new FMPM and provide a variety of templates to assist clubs in improving their policy and procedures.

COMMUNICATION STRATEGY:

Communicate with the club committee to ensure that they rectify the decline in a timely manner.

DECISION REQUIRED

It is recommended that QRL rectifies the poor performance of the Townsville Turf Club as assessed by Deloitte by raising the issues with the Townsville Turf Club Committee and for the club to rectify the items highlighted by 31 December 2009.

To seek the audit committee approval to perform a follow up assessment in FY10/11 of all clubs who have been assessed in the current financial year.



ADAM CARTER

Finance Manager

Actioning Officer: Ron Mathofer, Business Analyst

Queensland Racing
Corporate Governance and
Financial Management assessment
of Queensland Racing Clubs
(Townsville Turf Club)

June 2009

DRAFT REPORT

This draft report is subject to our internal review procedures and accordingly, we reserve the right to add, delete and/or amend the draft report as appropriate. This draft is provided purely for discussion purposes and is solely for the use of the addressees or out terms of engagement and solely for the purposes set therein. No party is entitled to rely on this incomplete report. It should be not be made available or copied in whole or in part to any party other than an addressee without our express approval in writing.

Mr Adam Carter
Finance Manager
Queensland Racing
PO Box 63
Sandgate QLD 4017

July 2009
Our Ref: 273058

Dear Adam,

Re: Corporate Governance and Financial Management assessment of Queensland TAB Racing Clubs (Townsville Turf Club)

Please find attached our draft report relating to our recently-completed engagement upon selected operations of the Townsville Turf Club (TTC).

If you have any questions or wish to discuss any findings in the report, please contact Jason Swemmer on 3308 7102 or me on 3308 7046.

Yours sincerely,

Carl Gerrard
Partner

Contents

1	Executive Summary	4
	1.1 Introduction	4
	1.2 Background	4
	1.3 Key Findings	5
	1.4 Engagement Rating	9
	1.5 Acknowledgement	9
	1.6 Report Clearance	10
	1.7 Conclusion	10
	1.8 Management Response	10
2	Detailed Findings	11
	2.1 Club Assessment – Townsville Turf Club	11
	2.2 Ratio Analysis – Financial Health	46
	2.3 Sample Transaction Testing	47
	Appendix A – Sponsorship Register 2007/08	48
	Appendix B – Analysis of Committee Meeting Attendances	49
	Appendix C – Analysis of Gate Takings & Attendance Numbers	51
	Appendix D – 100 Club Sponsors	54
	Appendix E – Analysis of Mobile Phone Expenses	55
	Appendix F – Analysis of Fuel Expenses	56
	Appendix G – List of Creditors and Suppliers of TTC	57
	Appendix H – Extract of Related Legislation	60
	Appendix I – Statement of Responsibility	64
	Appendix J – Terms of Reference	66

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DRAFT

1 Executive Summary

1.1 Introduction

Deloitte Touche Tohmatsu (“Deloitte”) has undertaken a review of Townsville Turf Club (“TTC”) on behalf of Queensland Racing Limited (“QRL”). The engagement was performed in accordance with Australian Standard on Assurance Engagements ASAE 3000, “*Assurance Engagements Other than Audits or Reviews of Historical Financial Information.*” Further information in relation to the extent of the procedures performed and the scope of our engagement is detailed in Appendix I – Statement of Responsibility and Appendix J – Terms of Reference, respectively.

1.2 Background

The objective of this report was to evaluate TTC’s corporate governance and financial management framework with specific focus on the following areas:

Corporate Governance

- Legislative Compliance
- Business Planning
- Internal Control Environment
- Risk Management
- Performance Evaluation and Review.

Finance Operations

- Financial Reporting, accounting records and accountability
- Club Funding and other revenue
- Capital Expenditure
- Capital Assets
- Cash Flow Management
- Payroll, including administration costs, staff salary levels, staff numbers (permanent and casual) and staff allowances
- Cash collection and controls on race day through catering, bars, admissions, security, handling, collection and banking
- Credit Cards management (register, policy, limits, delegations).

1.3 Key Findings

We have provided a summary of key findings below:

1.3.1 Corporate Governance

- TTC has not documented and formalised the club's Business Plan. This includes the club's asset management and risk management plan. Examination of the full committee meeting minutes showed that the Business Plan, along with the Asset Management Plan and Risk Management Plan, have been outstanding items requested by QRL since 2007.
- QRL on behalf of the Department of Agriculture, Fisheries and Forestry, provided TTC with an Equine Assistance Grant totalling \$85,000. The club was required by QRL to submit the completed signed declaration by 31 July 2008. We were unable to obtain the required signed declaration and relevant supporting documentation with regard to expenditure made using the grant. QRL may exercise authority to reclaim these funds for the club's non-compliance with this requirement.
- The club could not locate copies of the membership certificates sent to QRL for the President, Vice President, Treasurer and CEO positions.
- TTC has limited documented internal policies and procedures across all parts of its operating environment, including race day operations (start, tote, and gate), HR, IT and Finance.
- With no signed employment agreements and position descriptions issued to each TTC employee (including the CEO), the roles and responsibilities delegated to the employees did not appear to be clear. We observed instances where employees may have performed tasks outside of what is formally required of them. For example, the Bar and Functions Manager was responsible for banking cash on a race day. This is usually performed by the Finance Manager.
- There appears to be limited delegation by the CEO to the management team, requiring all decisions to involve the CEO in all matters. For example, the CEO is involved in performing the monthly stock take. Consequently, the CEO's capacity to focus on strategic club issues is constrained. This may have also contributed to the high staff turnover during 2008 including the Finance Manager, Marketing Manager and Racing Secretary roles.
- While TTC has some corporate governance structure in place such as the Works, Promotion and Finance committees, TTC's corporate governance practice and dynamics appear to be unconventional in the committee members' interactions with the CEO and the management team. For example, we observed close involvement by the club's president in providing guidance and directives to the Finance Manager as to the setup and workings of the QuickBooks accounting system.
- TTC did not conduct committee meetings in accordance with their constitution. We noted that TTC did not conduct a full committee meeting in December 2008. The club's constitution states that the committee shall meet at least once every calendar month to exercise its functions. We identified three instances of full committee meetings being conducted, despite having fewer than six committee members present to constitute a quorum. We also identified instances where committee members retained their membership after their lack of attendance at the full committee meeting for 3 consecutive meetings. The constitution states that non-attendance by any of the

committee members for 3 consecutive regular monthly meetings will terminate their membership.

- TTC did not consistently maintain documented minutes for the monthly Finance Committee meetings.

1.3.2 Financial Management

- There are limited policies and procedures around Financial Management. Key processes such as purchasing, delegation of authority limits, payroll and supplier payments were not documented.
- TTC does not have an adequate records management process in particular relating to contractual documents, including those with suppliers and sponsors. The club was unable to locate documentation for the deeds and leases of TTC. We noted that the Marketing Consultant has been involved in updating and reviewing previous sponsorship agreements including the development of a standard TTC Sponsorship Proposal contract.
- There is no capital expenditure budget developed to plan and provide finances to fund capital expenses.
- TTC's fixed asset register, which is maintained by the club's auditors, does not reconcile to the general ledger. Neither the club nor the auditors have conducted a fixed asset stock take recently. Approximately half of the items selected for testing relate to assets that have been disposed of by the club, but have not been removed from the fixed asset register. We also noted that acquisition dates in the asset register for certain assets, were inaccurate.
- Payroll has been incorrectly set up in QuickBooks with inaccurate calculations of superannuation, pension and leave balances. While QuickBooks annual leave balances in hours are accurate, the amount of annual leaves provision is inaccurate and may be materially misstated. Manual adjustments are required to be performed by the Finance Manager each week.
- Long service leave and leave entitlements are not being accrued and calculated in QuickBooks. Provisions have been made for long service leave in TTC's balance sheet. TTC's external auditor was also unable to verify the balance of employee leave entitlements as at 30 June 2008.
- We noted instances where verbal agreements may have been made by the CEO with certain employees with regard to remuneration for race-day duties performed during normal working hours. This has resulted in inconsistencies in paying full-time staff members in excess of their standard pay entitlement.
- We noted that the Finance Committee meeting minutes have not been maintained consistently over the 2007/08 and 2008/09 financial years to date. From examination of the available Finance Committee meeting minutes, we noted no evidence to suggest that the aged receivables report was discussed by the Finance Committee. Based on the breakdown of aged receivables, totalling \$90,503.50 as at 15 June 2009, there was \$44,766.06 (49.5%) of receivables which has been due for more than 3 months.
- TTC does not have a general ledger (GL) account set up for committee expenses. Due to the existing GL account configuration, we noted that QRL has not been supplied with accurate amounts for committee expenses in the QRL financial standard template (\$0 from 2005 onwards). Nothing has come to our attention to suggest committee expenses have been discussed during the finance and / or full committee meetings.

- Whilst we observed that gate sales are fully reconciled against the gate attendance numbers, we noted three instances of significant variances which were not detected and investigated. Further investigation showed that two of the variances relate to typographical errors by the gate staff.
- Bookmaker fees are not being reconciled against the bookmakers' tapes. With the tapes being collected by QRL at the end of the race day, the club placed reliance on the bookmakers to complete their return and turnover advice forms correctly.
- We noted instances where financial reports were not reviewed in a timely manner. For example, no financial reports were presented to the Full Committee in June and July 2008. End of financial year reports were presented to the full committee in August 2008.
- On the day after a race day, we observed that the safe room is mostly kept open as the Racing Secretary performs the cash reconciliation and is present inside the safe room. With the safe room being visible from the front counter reception area, there is an increased risk of theft/robbery involving a large amount of cash.
- The bar profit-and-loss statements did not present an accurate calculation of gross profit percentage and net income. This can be attributed to the "Cost of Goods Sold" amount which represents the total cost of goods purchased by the bar in that month, adjusted by the movements of bar stocks based on the monthly bar stock take results. Given the size of the bar revenue earned by TTC on major race days, the club should invest in a point-of-sale (POS) system, integrating stock control with bar sales.
- Variances identified from the reconciliation between the bar cash count and till tapes are generally not investigated nor are they recorded in QuickBooks. With no reconciliation performed between bar sales to bar stock movements, TTC does not have the ability to identify causes of significant variances. During the Phillip Cup 2008, while the overall negative variance amount was \$100, we noted our tills had negative variances in excess of \$1,000.
- On feature race days cash is collected regularly throughout the day by two people. We noted the club did not have the security guards on site in escorting the staff member carrying the cash back to the main administration building. Through discussions with a number of staff, we noted that cash collections are occasionally performed by both the Finance Manager and Functions Manager and her husband, who is a casual employee of the club. With the existing bar reconciliation procedures, there is an increased risk of fraud / theft that may go undetected. Cash collection should be performed by two independent staff members escorted by a security guard at all times.
- Full access privileges to QuickBooks are granted to the Finance Manager, CEO and the Racing Administrator / Secretary. We noted that the CEO and the Racing Administrator / Secretary do not have full access as part of their roles and responsibilities. System access to these staff members should therefore be restricted.
- A contracts register is not maintained by the club. There was no formal process in place for the engagement or tendering of contracts. Contracts were generally reviewed only when they expire. With no contract register, TTC does not have effective means of identifying upcoming contracts that are due to expire.
- The majority of bar supplies are sourced from Hotel Liquor Wholesalers (HLW) and Australian Liquor Marketers (ALM). We noted TTC has not entered into any contractual agreements with these preferred suppliers. TTC also did not have contracts with

Evolution IT (for all IT service provisions to the club) and Scoops and Hoops (on-course catering service provider).

- TTC has \$41,669.41 due to be paid to its suppliers for 3 months and more as at 17 June 2009. This accounted for 53.76% of all outstanding accounts payable. We observed overdue and late payment fees have been regularly incurred by TTC throughout the 2008/09 financial period. This includes Telstra, Ergon Energy, Officeworks, J.J. Richards & Sons, Coates Hire, HLW and BOC Gas.
- The level of financial maturity and adherence to policies and procedures has not significantly improved since our initial review in 2005 and our follow-up review in 2007.

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1.4 Engagement Rating

Based on the scope of our engagement, TTC's performance relevant to corporate governance and finance operations has been detailed below. This rating is based on observations made during the engagement, and in some areas these observations may have been limited by the scope of the work performed. The rating is intended to assist QRL's senior management and the Audit Committee to focus on areas of greatest concern, and does not represent an "Assurance Conclusion" as defined by ASAE 3000.

Focus Area	TTC 2009 (Current)	TTC 2007	TTC 2005
Corporate Governance			
Legislative Compliance	Red	Yellow	Yellow
Business Planning	Red	Yellow	Red
Internal Control Environment	Red	Yellow	Yellow
Risk Management	Red	Hatched	Hatched
Performance Evaluation and Review	Red	Yellow	Yellow
Finance Operations			
Financial reporting and accountability	Yellow	Green	Green
Club Funding	Yellow	Green	Yellow
Capital Expenditure	Red	Red	Red
Capital Assets	Red	Yellow	Red
Payroll	Red	Green	Green
Accounting Records	Yellow	Yellow	Yellow
Cash Collection and Disbursements	Red	Hatched	Hatched
Purchasing	Red	Hatched	Hatched

Green	A small number of compliance weaknesses/opportunities for improvement identified.
Yellow	Several compliance weaknesses of concern identified.
Red	Poorly controlled - significant weaknesses in compliance identified.

1.5 Acknowledgement

We wish to place on record our appreciation of the assistance and co-operation received from key representatives from the club and the management and staff of QRL.

1.6 Report Clearance

The contents of this report have been discussed with Michael Charge (CEO).

1.7 Conclusion

Based on our review, which is not an audit, TTC did not, in all material respects, maintain adequate controls over corporate governance and finance operations over the 2008-09 financial year in accordance with the objectives stated in the signed terms of reference.

Deloitte Touche Tohmatsu
Carl Gerrard
Partner
Brisbane, July 2009

1.8 Management Response

<insert Management Responses>

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2 Detailed Findings

2.1 Club Assessment – Townsville Turf Club

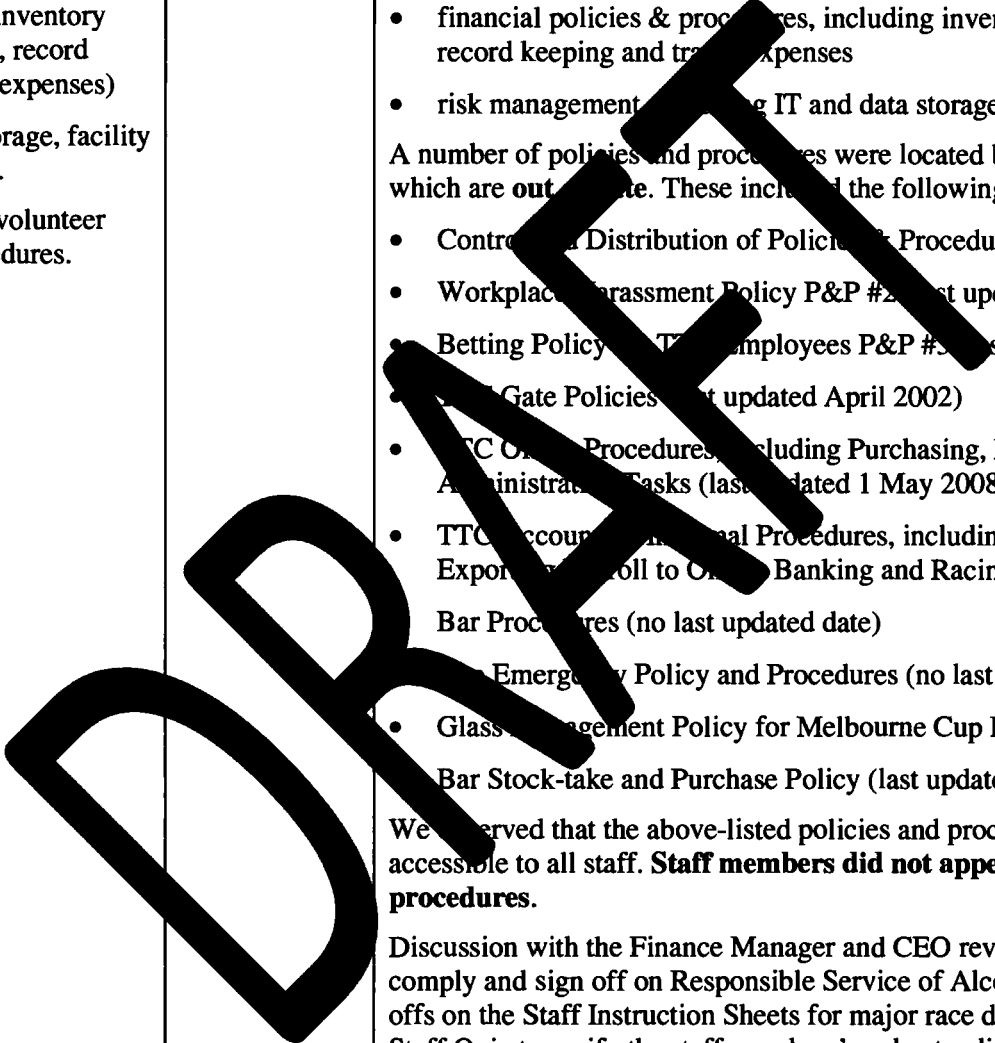
The following table contains the results from our assessment performed on the club and the subsequent findings and recommendations:

Area of Operation	Address (Yes/Part/No)	Observations
<i>Legislative Compliance</i>		
<p>The club has processes and procedures in place to ensure compliance with:</p> <ul style="list-style-type: none"> • Associations Incorporation Act 1981 • Australian Accounting Standards & IFRS • Racing Act 2002 • QRL's Financial Policy & Procedures Manual (FMPM) for clubs • Club's own Internal Policies & Procedures • Adherence to terms of Club's Constitution or Articles or Association. 	Partly	<p>During the 2007/2008 and 2008/09 financial years to date, TTC has prepared annual financial statements that were independently audited by a registered accountant. The annual financial statements were audited by WHK TCM Smith Audit Partnership. We noted the same partner from the audit firm signed off on the club's financial statements between the 2001/02 and 2007/08 annual reports inclusive.</p> <p>The club's constitution was last amended in December 2005.</p> <p>TTC placed the reliance upon QRL's FMPM policy for their financial management policies and procedures. However, we noted TTC does not have copies available on site. We observed that the club only had copies of the May 2001 version of the FMPM, which was published by the Queensland Principal Club (QPC), prior to QRL being established.</p> <p>TTC does not have formally documented internal policies and procedures that are current. We noted a number of policies and procedures which have been located by the Finance Manager, most of which have not been updated.</p>
<p>The club is able to prove that each executive has forwarded a copy of their police certificate to QRL as per the Racing Act 2002.</p>	No	<p>The club was unable to locate copies of the police certificates sent to QRL for the President, Vice President, Treasurer and CEO positions.</p> <p>We noted that QRL only has a copy of the police certificate for the Club President, sent in 2005.</p>
<p>The club complied with QRL's guidelines and requirements for the Equine Influenza Assistance Grant of \$200,000, including the preparation of supporting documentation to substantiate the club's</p>	No	<p>QRL (on behalf of the Department of Agriculture, Fisheries and Forestry) provided the club with an Equine Assistance Grant totalling \$85,000. The objective of this funding scheme was to retain industry skills and training. The club was required by QRL to submit the completed signed declaration by 31 July 2008.</p>

Area of Operation	Address (Yes/Part/No)	Observations
<p>spending in accordance with QRL's guidelines.</p>		<p>We were unable to obtain the required signed declaration and relevant supporting documentation with regard to the expenditure made using the grant.</p> <p>From examination of the full committee meeting minutes from July 2007 to April 2009, nothing has come to our attention to suggest the spending of this grant was discussed by the Committee. QRL's notification letter sent to TTC on 15 February 2008 was noted in the February 2008 full committee meeting minutes. However we did not note further discussions taking place regarding the grant.</p> <p>We noted that TTC sent reminders to QRL by post on 31 October 2008. A second reminder was sent to QRL by post, email and fax on 11 November 2008. QRL may exercise authority to reclaim these funds from the club's non compliance with this requirement.</p>
<i>Business Planning</i>		
<p>The club has documented a club Business Plan and formal plans in place for Major Race Days.</p> <p>Determine when these plans were last updated and how often they are reviewed.</p> <p>If a formal business plan is not in place, determine what Strategic planning documentation is currently being utilised by the club.</p>	No	<p>The club has not documented and formalised the club's Business Plan. This includes the club's asset management and risk management plan.</p> <p>While the club's business plan was in the process of being drafted during the review, we were unable to review the club's business plan. Discussion with the CEO revealed that the delays in drafting the plan were mainly related to the pending plans on the corner block land sale by the club.</p> <p>Examination of the full committee meeting minutes showed that the Business Plan, along with the Asset Management Plan and Risk Management Plan, has been an outstanding item requested by QRL since 2007. This was noted in the June 2007 full committee meeting minutes.</p> <p>A marketing communications plan was developed and formally documented by the Marketing consultant for the upcoming Winter Racing Carnival. The marketing plan outlined the target audience, marketing mix tactics, branding and ticketing plans for the Ladies Race Day and Townsville Cup 2009.</p>
<p>All elements of club race operations have been examined when creating the business plan or other documentation including:</p> <ul style="list-style-type: none"> • racing administration (including insurance arrangements and risk management) • marketing & sponsorship • catering and bar trading (including inventory 	No	Refer above.

Area of Operation	Address (Yes/Part/No)	Observations
control) <ul style="list-style-type: none"> facilities management (including maintenance) member services including TOTE (if applicable) the establishment of sub committees. 		
The club's business planning process also covers: <ul style="list-style-type: none"> current and forward budgets (i.e. 1, 3 and 5 year forecast?) capital expenditure schedule risk management (SWOT analysis and rankings) sponsorship & marketing recruitment, retention & succession plans (Job descriptions, handover processes) any proposed prize money increases. 	No	Refer above.
Confirm that the Business Plan or other documentation is adequate for an organisation of this size and turnover. Identify any areas for improvement.		Refer above.
<i>Internal Control Environment</i>		
The club established and documented its own <u>internal</u> policy & procedures for: <ul style="list-style-type: none"> human resources and recruitment (i.e. sexual harassment, responsible gambling & service of alcohol and staff / committee expenditure disclosure) employment contract including privacy act, theft, 	No	TTC has limited documented internal policies and procedures across all parts of its operating environment. TTC has not formally established policy and procedures for: <ul style="list-style-type: none"> human resources and recruitment, including staff / committee expenditure approval and disclosure tote staff policy, including the responsibility for tote staff to reimburse the club for any negative cash variance from a race day

Area of Operation	Address (Yes/Part/No)	Observations
<p>conflicts of interest, etc</p> <ul style="list-style-type: none"> financial policies & procedures (i.e. inventory control, revenue and expense control, record keeping, committee expenses, travel expenses) risk management (i.e. IT and data storage, facility management and conflict of interest). <p>Determine how the club monitors staff / volunteer compliance with these policies and procedures.</p>		<ul style="list-style-type: none"> employment contracts, including privacy act, theft and conflicts of interest financial policies & procedures, including inventory control, revenue and expense control, record keeping and travel expenses risk management including IT and data storage backup. <p>A number of policies and procedures were located by the Finance Manager for our audit, most of which are out of date. These included the following:</p> <ul style="list-style-type: none"> Control and Distribution of Policies and Procedures at TTC P&P #1 (last updated 9 Nov 2004) Workplace Harassment Policy P&P #2 (last updated 9 Nov 2004) Betting Policy for TTC Employees P&P #3 (last updated 20 Dec 2004) Gate Policies (last updated April 2002) TTC Office Procedures, including Purchasing, Receipting, Payment to Suppliers and General Administrative Tasks (last updated 1 May 2008) TTC Accounting and Financial Procedures, including EOM reporting for committee meetings, Export Control to OIA, Banking and Racing Reports procedures (no last updated date) Bar Procedures (no last updated date) Emergency Policy and Procedures (no last updated date) Glass Management Policy for Melbourne Cup Day 2008 (last updated July 2008) Bar Stock-take and Purchase Policy (last updated May 2008). <p>We observed that the above-listed policies and procedures did not appear to have been made accessible to all staff. Staff members did not appear to be aware of the above-listed policies and procedures.</p> <p>Discussion with the Finance Manager and CEO revealed that bar staff members are required to comply and sign off on Responsible Service of Alcohol (RSA) policies. This includes bar staff sign-offs on the Staff Instruction Sheets for major race days and the successful completion of the Bar Staff Quiz to verify the staff members' understanding of the policy. TTC has engaged an external consultant (ProLiquor Solutions) to assist in setting up this framework to comply with Liquor Licensing requirements.</p> <p>Tote staff members are not provided with any policies or procedures when they are inducted to the</p>



Area of Operation	Address (Yes/Part/No)	Observations
		<p>club. Induction is run by the Tote Manager informally.</p> <p>TTC is in the process of reviewing employment contracts for all club staff. The club plans to engage Commerce Queensland to assist in setting up employment contracts / agreements for all permanent employees.</p>
<p>The club staff and volunteers are aware of the volunteer workers' insurance policy.</p> <p>Financial management plans have been established to control the risk of the necessity for capital maintenance and improvement, depreciation and sinking funds arrangements, and Directors Liability Insurance.</p> <p>Records of historical club data are backed-up and stored in an offsite location.</p> <p>Changes in club Treasurer are supported by formal Handover procedures and adequately recorded.</p>	<p>Partly</p>	<p>The club does not rely on volunteers in any capacity. Consequently, it does not have a volunteer workers insurance policy.</p> <p>The club's public liability insurance is handled by QRL, while other types of insurance such as motor vehicles and director's liability are handled by the club through Aon Risk Services, as follows:</p> <ul style="list-style-type: none"> • directors insurance \$50,000 • property insurance \$7,440,500, with the following breakdown: \$7,440,000 of buildings, \$27,500 of plant & other contents and \$40,000 of stock • cash on site \$10,000, storm damage losses \$5,000 each and every loss, \$25,000 named cyclone • machine / contents breakdown \$20,000 <p>motor vehicles (six vehicles) to the market value of the vehicles (except the \$50,000 fixed sum insured for the 2005 John Deere tractor)</p> <p>It was noted that no insurance claims were made by TTC in the 2008/09 financial year (excluding public liability insurance claims). TTC made a number of insurance claims during 2007 for the leaking roof above the CEO office, damaged cold room compressor and damage caused to the ride-mower which caught fire.</p> <p><u>Records of historical club data (IT backup strategy)</u></p> <p>Discussions with the Finance Manager and CEO revealed that all data stored in the server is backed up daily onto an external hard drive. This includes the QuickBooks accounting system database file. A second backup copy of the data is made daily to a second external hard drive, which is taken off site to the CEO's private residence each night. Email alerts are configured to notify both TTC and the external contractor (Evolution IT) should there be any errors with the backup. TTC's backup strategy and procedures was however not documented.</p> <p><u>Handover/succession planning</u></p> <p>We noted significant changes in the full time staff in the past two years. This included:</p>

Area of Operation	Address (Yes/Part/No)	Observations
		<ul style="list-style-type: none"> • Finance Manager (Tracey Bruton) commencing in July 2008, • Marketing Manager (Susan Gillespie) commencing in 2009, • Membership Coordinator (Judith Taaffe) commencing in May 2008, • Racing Secretary (Janet Minister) commencing in April 2008. <p>While the club's treasurer was not involved in the day-to-day management of TTC, we observed a close involvement by the President in the financial management and practices of the club. Responsibilities in managing the financial affairs of the club are performed by the Finance Manager. However, no formal succession planning or handover processes exist for these roles.</p> <p>Discussion with the CEO revealed that while there was no formal succession planning in place, the Finance Manager is intended to be the successor for the CEO.</p> <p>We noted that there was a handover, with minimal documented finance policy and procedures, when the current Finance Manager commenced in her role in July 2008. This has resulted in a lack of understanding of the setup of TTC's accounting system and the general financial practice, in order to allow the Finance Manager to perform her role effectively.</p>
<i>Performance Evaluation and Review</i>		
<p>Determine the number of times race meetings are conducted on a yearly basis.</p>	<p>1</p>	<p>TTC have conducted or will conduct:</p> <ul style="list-style-type: none"> • 45 race meetings during the 2007/08 financial year • 38 race meetings during the 2008/09 financial year • 38 race meetings scheduled in the 2009/10 financial year.
<p>Determine the number of times the club conducts committee meetings within a yearly period.</p>	<p>N/A</p>	<p>We noted that TTC is required by its constitution to conduct full committee meetings at least once a month. The default full- and sub-committee meeting schedule is as follows:</p> <ul style="list-style-type: none"> • 1st Wednesday of the month: Works committee meeting • 2nd Wednesday of the month: Promotions committee meeting • 3rd Wednesday of the month: Finance committee meeting • 4th Wednesday of the month: Full committee meeting

Area of Operation	Address (Yes/Part/No)	Observations
Budget variances are regularly reported and analysed.	Partly	<p>Budget variances are discussed at the Finance Committee monthly meetings, with a summarised financial report presented to the Full Committee. However, we noted that the Finance Committee meeting minutes have not been consistently maintained over the 2007/08 and 2008/09 financial years to date.</p> <p>We also noted a number of instances where the financial reports were not reviewed in a timely manner by the Full Committee. These included but were not limited to the following:</p> <ul style="list-style-type: none"> • June, September and October 2007 financial reports were discussed two months after, in August, October and December 2007 Full Committee meetings respectively • February 2008 financial reports were not discussed in March 2008 meeting as they were unavailable at that time. This was subsequently discussed in April 2008 • No financial reports were presented in June and July 2008. End of financial year figures were presented to the Full Committee in August 2008. • July, August and September financial reports were presented in October 2008 Full Committee meeting
A copy of the club's Constitution / Articles of Association is made readily available to staff.	Yes	The club's constitution was available on site and made available to staff.
The club conducts committee meetings in accordance with their Constitution / Articles of Association.	No	<p>The club's constitution states that the committee shall meet at least once every calendar month to exercise its functions. At every meeting of the committee, six committee members shall constitute a quorum. We noted the club did not conduct a full committee meeting in December 2008. As a result the November 2008 financials were not reviewed. Furthermore, we noted the full committee meetings in August 2007, January 2008 and April 2009 were conducted, despite having less than six committee members present to constitute a quorum.</p> <p>The constitution states that, "The business of the club shall be managed by a committee consisting of the President, Vice President, Treasurer and seven members, amounting to ten committee members altogether. The President, Vice President and Treasurer shall retire annually, but shall be eligible for re-election. Members of the committee shall hold office for two years from the AGM of the club at which they are elected." We observed that while most of the committee members have retired in accordance with the constitution, they have been re-nominated into their positions over a number of years.</p>

Area of Operation	Address (Yes/Part/No)	Observations
		<p>The constitution also states that non-attendance by any of the committee members for 3 consecutive regular monthly meetings will terminate their membership, unless the member has been granted leave of absence by the committee. In reviewing the full committee meeting minutes, we noted instances where committee members retained their membership whilst not attending the full committee meeting for 3 consecutive meetings, including:</p> <ul style="list-style-type: none"> • J. Parry did not attend the February, March and April 2007 full committee meetings • D. Steinhilber did not attend the May, June, July and August 2007 and December 2007, January to April 2008 full committee meetings • J. Rowland did not attend the September, October and November 2007 full committee meetings. <p>Refer to Appendix B for the full committee meeting attendance matrix.</p> <p>TTC does not have a documented policy regarding Conflicts of Interest by committee members.</p>
<p>The Club Committee continually evaluates and reviews the operational and financial performance of their club against the strategies, actions and targets detailed in the business plan or to other documentation.</p>	<p>Partly</p>	<p>TTC's Full Committee and the relevant sub-committees evaluate and review the overall operational and financial performance of the club. Detailed financial/operational performance reports on bar, catering, functions and race days were discussed in the Finance Committee meetings. A high level summary of the club's financial performance is presented to the full committee each month.</p> <p>Without a formal business plan, the Full and sub-committees were only able to evaluate the overall performance of the club against budget and prior year's performance.</p>
<p>Financial and statistical data is presented in committee meetings including:</p> <ul style="list-style-type: none"> • reports on race day operating performance • attendance levels • profit-and-loss statements with variance analysis to budget, balance sheets • debtors/creditors listings • information on the activities of committee members presented in committee meetings. 	<p>Partly</p>	<p>Reports on race day operating performance, including statistical data such as attendance levels were not presented in the Full Committee meetings.</p> <p>Profit-and-loss statements, balance sheet variance analysis to budget and prior year's performance are discussed at the Finance Committee meetings, with a high level summary of findings reported to the Full Committee. TTC does not prepare race day profit-and-loss statements for major race days.</p> <p>We confirmed with the Finance Manager that the bar profit margin percentage report did not represent an accurate calculation of gross profit and net income. This is due to the "Cost of Goods Sold" amount which represents the total cost of goods purchased by the bar area in that month, adjusted by the stock-take balance from the beginning of the month, less the bar stock-take balance of the end of the month. For example, in April 2009 there was \$4,729.74 worth of purchases and \$1,071.03 for stock adjustments from the stock take results, which amounts to a total of</p>

Area of Operation	Address (Yes/Part/No)	Observations
		<p>\$5,800.77 worth of "Cost of Goods Sold".</p> <p>A debtors' and creditors' listing is presented to the Finance Committee each month. We noted Finance Committee meeting minutes have not been maintained consistently over the 2007/08 and 2008/09 financial years to date. From examination of the available Finance Committee meeting minutes, we had no evidence to suggest that debtors' / creditors' listings were discussed by the Finance Committee.</p> <p>Reports and minutes from the Finance Works and Promotion Committees are presented to the Full Committee each month.</p>

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Area of Operation	Address (Yes/Part/No)	Observations
<i>Financial reporting and accountability</i>		
The club provided QRL with an audited profit-and-loss statement and balance sheet within 90 days of the conclusion of each financial year.	Yes	The club provided QRL with an audited profit-and-loss statement and balance sheet within the required timeframe.
Annual financial and statistical data is disclosed to QRL using the established standardised templates and provided within the designated timeframe.	Partly	<p>Annual financial and statistical data for the financial year 2007/08 was disclosed to QRL using the established standardised templates and provided within the designated timeframe. However we observed that the data included in the templates may not be accurate due to account mapping issues. For example, TTC reported nil committee expenses from 2005 onwards.</p> <p>The current Finance Manager was not involved in the process for the 2007/08 financial year and consequently was unaware of the QRL requirements for 2008/09 at the time of our audit.</p>
The club can readily find previous years' copies of their Financial Reports if required.	Yes	The club can readily find previous years' copies of their Financial Reports, dating back to the 2001/02 financial year.
<i>Club Funding</i>		
<p>Obtain from QRL a RCTI summary and Tax Invoice summary by race meeting covering:</p> <ul style="list-style-type: none"> • payments to the club for administration and supplementary payments for club revenue and Prize money value add • additional QRL stewarding charges 		<p>Payments to the club from QRL could be traced through the club's accounting system (QuickBooks). These payments included QRL's administration subsidies, training track subsidies and barrier trial payments. Such payments were made to the club via EFT (Electronic Funds Transfer) to the club's bank account.</p> <p>Payments for the previous month's subsidy are received by the club on the 18th of every month. The club indicated that it uses the administration subsidy to fund capital expenditure including upgrades, repairs, maintenance and the purchase of capital assets.</p> <p>The Equine Assistance Grant of \$85,000 has been received by the club.</p>

Area of Operation	Address (Yes/Part/No)	Observations
<ul style="list-style-type: none"> photo-finish equipment fees and bromides charges as expense to the club. <p>Where the club undertakes barrier trials, obtain a payment list for payments received from QRL.</p> <p>Verify that approved payments (i.e. Capital grants, training track subsidy, barrier trial payments) have been received and banked.</p>		
<p>Verify and document how the payments to the club were accounted for within the club's system.</p> <p>Determine whether this process is consistently applied by the club.</p> <p>Select 1 or 2 race days (feature day) and track the flow of funds and identify account keeping for contributions made by sponsors.</p>	<p>Yes</p>	<p>Payments to the club (in the form of cash, cheques and EFTPOS) are accounted for in QuickBooks by entering approved invoices for payment.</p> <p>We selected the following race days and examined the flow of funds from the revenue collected:</p> <ul style="list-style-type: none"> July 2008 (Townsville Turf) 4 November 2008 (Melbourne Cup) <p>The club did not prepare any race-day or function profit-and-loss statements. We noted that contributions made by sponsors for race-day sponsorships are recorded into the Sponsorship account in QuickBooks.</p> <p>The source of funds for the majority of race days is from bars, gates and tote. The flow of funds and reconciliation processes are detailed in the Cash Collections and Disbursements section below.</p>
<p>Sponsorship Arrangements:</p> <p>Sight and summarise any sponsorship arrangements and prepare a schedule capturing information on:</p> <ul style="list-style-type: none"> Name of Sponsor, Start and finish date of sponsorship arrangement, 	<p>Partly</p>	<p><u>General Sponsorship</u> – The club maintained a Sponsorship Register for the 2007/08 financial year. We noted however that the 2008/09 register was prepared in a different format to the previous financial year, which lists the sponsorships for each race day in a chronological order. This new format did not include certain details to allow for profitability analysis of sponsorship arrangements, including the costs incurred by the club for each sponsor. Refer Appendix A for the sponsorships register for the 2007/08 financial year.</p> <p>We noted that the 2007/08 register stated that signed contracts exist for all contributing sponsors. As confirmed with the CEO, the majority of sponsorship agreements for 2007/08 financial year were not documented and/or signed.</p> <p>Prior to the recent appointment of a Marketing Consultant, the CEO managed sponsorship arrangements. We sighted several arrangements and noted that the physical storage of these contracts was not centralised and therefore not</p>

Area of Operation	Address (Yes/Part/No)	Observations
<ul style="list-style-type: none"> • \$ value of entire sponsorship pledge, • \$ contribution to Prize money, • \$ contribution to club, • \$ value of any in kind/other benefits under the arrangement, • any other terms contained within the arrangement. <p>Note: Contribution to Prize money + club + in kind / other = total pledge value of arrangement.</p>		<p>readily accessible. A number of the agreements sighted were also out-of-date or unsigned. The Marketing Consultant has been involved in updating and reviewing previous sponsorship agreements including the development of a standard TTC Sponsorship Proposal contract.</p> <p>100 Club - The 2009/10 financial year is the first year the 100 Club program has been implemented. The 100 Club program provides the opportunity for 100 registrations to offer \$1,250 each in sponsorship to TTC. The first prize winner of the 100 Club draw is entitled to naming rights for the Ladies Race Day, while other sponsors receive entitlements to naming rights for other feature and national races. TTC's website provides a full breakdown of 100 Club entitlements.</p> <p>During our audit, the club was able to source 60 sponsors, three of which have a contra agreement including Castlemaine Perkins, Digimen (digital printing) and Coca Cola Matil. Refer to Appendix D for a complete listing of members of the TTC 100 Club.</p> <p>Sponsors are invoiced after the club has received a signed 100 Club agreement. As at April 2009, we noted 39 of the 60 registered members of the 100 Club had paid the sponsorship fee, with sponsorship payments outstanding from 21 members.</p>
Capital Expenditure		
<p>All capital items (over \$2000) are purchased in accordance with the internal policies (i.e. Committee approved capital budget).</p> <p>Competitive bidding is used and documented by the club (i.e. 3 independent quotes for values in excess of \$5,000).</p>	<p>Partly</p>	<p>The club does not have any documented finance policies or procedures, including a formal capital expenditure budget or purchase policy. Consequently there is a lack of guidance in determining when expenditure should be capitalised.</p> <p>The club indicates that its practice is to require purchase orders to be completed for all club purchases. Delegation limits apply when making purchases, as follows:</p> <ul style="list-style-type: none"> • purchases of more than \$500 requires approval from the CEO, if the purchase is of a non-recurring nature • purchases of more than \$1,000 requires approval from the full committee • purchases of more than \$25,000 requires approval from QRL. <p>Purchases of a recurring nature only require CEO approval prior to the invoice being processed for payment. However, these delegation limits and requirements to obtain quotes were not documented. Staff members in general did not appear to have a clear understanding of the authority limits and approval process.</p> <p>From the fixed asset register and the 'Assets Purchased' folder maintained by the Finance Manager, we selected five capital assets purchased in the 2007/08 and 2008/09 financial years to assess whether the club followed its process.</p>

Area of Operation	Address (Yes/Part/No)	Observations																		
		<table border="1"> <thead> <tr> <th data-bbox="745 260 1227 316">Asset Item</th> <th data-bbox="1234 260 1675 316">Purchase Order (PO) available</th> <th data-bbox="1682 260 2154 316">Full committee approval</th> </tr> </thead> <tbody> <tr> <td data-bbox="745 320 1227 456">Renovation of clubhouse (September 2007 for \$1m,455)</td> <td data-bbox="1234 320 1675 456">Yes. However, there was no CEO sign-off on PO.</td> <td data-bbox="1682 320 2154 456">Yes. However there was no discussion on quotes or detailed cost breakdown attached.</td> </tr> <tr> <td data-bbox="745 461 1227 555">Madison desk and office accessories (May 2008 for \$1,433)</td> <td data-bbox="1234 461 1675 555">Yes. The CEO signed off on the PO.</td> <td data-bbox="1682 461 2154 555">No evidence of approval in meeting minutes.</td> </tr> <tr> <td data-bbox="745 560 1227 695">JG 50 MID RIVER Plasma (June 2008 for \$1,600)</td> <td data-bbox="1234 560 1675 695">Yes. The club's president signed off on the PO. However the PO was not sent to the supplier.</td> <td data-bbox="1682 560 2154 695">No evidence of approval in meeting minutes.</td> </tr> <tr> <td data-bbox="745 700 1227 794">John Deere S775 Lawn Mower (November 2008 for \$5,785)</td> <td data-bbox="1234 700 1675 794">No. Two quotes were obtained from suppliers.</td> <td data-bbox="1682 700 2154 794">Yes, including approval from QRL.</td> </tr> <tr> <td data-bbox="745 799 1227 963">Installation of air-conditioning in Change Room & installation of air conditioning (November 2008 for \$2,330)</td> <td data-bbox="1234 799 1675 963">No. The PO was dated after the invoice date and was not signed.</td> <td data-bbox="1682 799 2154 963">No evidence of approval in meeting minutes.</td> </tr> </tbody> </table>	Asset Item	Purchase Order (PO) available	Full committee approval	Renovation of clubhouse (September 2007 for \$1m,455)	Yes. However, there was no CEO sign-off on PO.	Yes. However there was no discussion on quotes or detailed cost breakdown attached.	Madison desk and office accessories (May 2008 for \$1,433)	Yes. The CEO signed off on the PO.	No evidence of approval in meeting minutes.	JG 50 MID RIVER Plasma (June 2008 for \$1,600)	Yes. The club's president signed off on the PO. However the PO was not sent to the supplier.	No evidence of approval in meeting minutes.	John Deere S775 Lawn Mower (November 2008 for \$5,785)	No. Two quotes were obtained from suppliers.	Yes, including approval from QRL.	Installation of air-conditioning in Change Room & installation of air conditioning (November 2008 for \$2,330)	No. The PO was dated after the invoice date and was not signed.	No evidence of approval in meeting minutes.
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The committee reviews and approves a detailed Capital Expenditure Budget on at least an annual basis.		The club has not developed a capital budget. From examination of the available documentation provided to the Finance Committee each month, it appears there is no review or approval of any capital budget.																		
The club maintains a fixed asset register for all capital items, which is regularly reconciled with the general ledger.	No	The club's fixed asset register is maintained by the club's auditors (WHK TCM Smith). There was no evidence of the club performing a reconciliation of the register to the general ledger. When comparing the asset register to the club's balance sheet it was observed that the register did not reconcile to the general ledger , as highlighted below:																		

Area of Operation	Address (Yes/Part/No)	Observations			
		Item	QuickBooks Balance Sheet Value as at 30/06/08 \$	Fixed Asset Register Value as at 30/06/08 \$	Variance \$
		Buildings	1,140,300.78	1,201,990.28	-61,689.50
		Ground Improvements	81,791.02	Not Available	81,791.02
		Track	785,660.00	785,660.00	0.00
		Irrigation & Water Scheme	31,010.48	31,010.03	0.45
		Office Furniture & Equipment	866.75	11,871.01	-4.26
		Bar Improvements & Plant Fittings	37,016.81	37,016.08	11.73
		Plant & Equipment	175,934.00	253,321.50	-77,387.23
		Leased Assets	818.49	809.00	9.49
		Sheds	7,500.00	Not Available	7,500.00
		Motor Vehicles at Cost	81,629.75	31,629.48	50,000.27
		Total	2,353,539.35	2,353,307.38	231.97
		No formal stock takes (or counts) of fixed assets have been conducted by either the club or the club's auditors.			
Determine who approves proposed purchases of capital items with a value in excess of \$5,000 which are not included in the capital expenditure budget. Can capital purchases be readily ascertained for a period (i.e. Financial Year: the amount capitalised to budget)?	Partly	<p>There is no formal capital budget. Capital expenditure greater than \$1,000 requires approval by the full committee. However, this approval requirement and delegation limits were not documented.</p> <p>The number and amount of capital purchases for a period can be ascertained by examining the 'Assets Purchased' folder that the Finance Manager maintains for all newly purchased and / or disposed-of capital assets for the financial year. The primary purpose of maintaining the folder is to provide the club's auditors with the most recent details to be included in the Fixed Asset Register.</p>			
<i>Capital Assets</i>					
A policy is in place to differentiate between expenditure to be capitalised and that to be expensed.	No	The club does not have a documented policy to differentiate between expenditure to be capitalised and that to be expensed.			

Area of Operation	Address (Yes/Part/No)	Observations	
<p>The entity uses computer software to account for capital asset additions, deletions, balances and depreciation.</p> <p>Determine whether depreciation is computer-generated and whether or not it is reviewed for accuracy.</p>	<p>Partly</p>	<p>The club's auditors maintained the club's fixed asset register. The Finance Manager maintains a folder that contains copies of documentation regarding new and disposed-of assets during the financial year. This is provided to the club's auditors when they perform the year-end audit of the club's financials. The fixed asset register is then adjusted by adding the new assets and removing disposed-of assets from the register. Carrying amounts or written-down values and year-to-date depreciation figures are also adjusted.</p> <p>Within QuickBooks, the accrual of depreciation expense is set up as an automatic recurring journal entry calculated on a monthly basis. Based on the updated fixed asset register, the total depreciation expense for the financial year will be adjusted by the auditors at the end of the financial year.</p> <p>We noted that neither the club nor their auditors have conducted a fixed asset stock-take recently to assess the assets' current condition and whether or not they are still operational. As such, depreciation calculated in the register, including the depreciation methods and rates, has not been adequately reviewed for accuracy.</p>	
<p>Details of deeds, titles and substantiation in order, are readily accessible, properly prepared and recorded in the books, legally recorded and properly safeguarded.</p>	<p>No</p>	<p>The club was unable to locate documentation for the deeds and land titles of TTC. The location of the original or copies of this documentation was unknown to the club.</p>	
<p>Acquisitions originated by approved requisitions show:</p> <ul style="list-style-type: none"> item description estimated cost justification accounts to be charged to. 	<p>Partly</p>	<p>A purchase order book is used to initiate all purchase requisitions, unless it is a recurring payment. The Finance Manager, Bar and Functions Manager, Marketing Consultant and CEO have been issued individual purchase order books. We noted that purchase order forms include item descriptions and the estimated costs. From testing performed quotes and estimated costs were not consistently obtained and documented, when purchase orders are generated.</p> <p>According to the club's general practice, which is not documented, the CEO is required to counter-sign purchase orders with costs exceeding \$500. Purchases above \$1,000 require the Full Committee's approval and should therefore be documented in the committee meeting minutes. We noted that the CEO provided a proposal to the Works Committee detailing expenditure justification for the acquisition of a Toro 3280D Out-front mower valued at \$24,703. However proposals are not produced consistently.</p> <p>Accounts to be charged to are determined by the Finance Manager upon processing the invoice into QuickBooks when the invoice is received back from the supplier. We noted that purchase orders were not consistently used.</p>	
<p>Quotations are obtained from suppliers prior to the appointment</p>	<p>Partly</p>	<p>From the testing performed, we noted a lack of consistency in obtaining quotes from suppliers prior to appointment of a particular person or company. There was no documented policy requiring quotations to be sought prior to the</p>	

Area of Operation	Address (Yes/Part/No)	Observations
of a particular person or company.		<p>appointment of a supplier.</p> <p>The club has contracts with specific suppliers, such as Coca Cola Amatil for non-alcoholic beverage supplies. However, a number of these contracts have not been signed or kept by TTC.</p>
<p>Stock-takes of fixed assets are undertaken on a regular basis to confirm the existence and state of each capital item.</p>	<p>No</p>	<p>We selected thirteen items from the fixed asset register and noted the following, along with their written down values (WDV):</p> <p><u>Asset sighted:</u></p> <ul style="list-style-type: none"> • 1x Mitsubishi Wall Mounted Split System air conditioning (WDV = \$1,499.18) • Desk x 4 + CPU Desk (WDV = \$882) • Pch Photocopier (WDV = \$7,300) • Chattel Mortgage on Kitchen (WDV = \$28,930) • 2x Plasma TVs (WDV = \$3,034.64) <p><u>Asset has been disposed:</u></p> <ul style="list-style-type: none"> • 80MB Hard Disc Wap (WDV = \$1) • Mitsubishi (WDV = \$5) • Nissan (WDV = \$809) • 2x 486 MM computers (WDV = \$17) • Hand Disinfectant Toilet Block (WDV = \$1,847) • Pentium 350 Computer (WDV = \$117) <p><u>Unable to determine the asset's location at the club:</u></p> <ul style="list-style-type: none"> • Exec Chairs, 6 tables, 72 chairs (WDV = \$504) • Lawn Mower Equipment (WDV = \$589) <p>Approximately half of the above sample test results relate to assets that have been disposed of by the club, but had not been removed from the fixed asset register. TTC's fixed asset balance amount may be materially misstated as a result. TTC should update its fixed asset register to ensure that all assets that have been disposed of are removed. TTC should also ensure that assets are valued appropriately, if the estimated useful life or written down value</p>

Area of Operation	Address (Yes/Part/No)	Observations
<p>When assets are to be depreciated:</p> <ul style="list-style-type: none"> the depreciation policy is consistent from year to year depreciation is fully funded useful lives are reasonable depreciation charges are discontinued when an asset or group of assets becomes fully depreciated records are maintained of fully depreciated assets still being used. 	<p>Partly</p>	<p>significantly differs against the asset's current condition.</p> <p>The fixed asset register is maintained by the club's auditors (WHK TCM Smith). The depreciation rates of the club's assets are determined at the discretion of the club's auditors. Useful lives were not specifically included in the asset register. Due to staffing changes and reliance on the club's auditors to maintain the fixed asset register, management of TTC was unable to confirm whether the depreciation policy was consistent from year to year.</p> <p>We also noted that acquisition dates in the asset register for certain assets were wrong. For example, the capitalised asset 'Renovation of track' was invoiced on September 10, 2007 with an acquisition date listed as 26 May 2008 in the asset register.</p>
<p>Changes to depreciation rates for fixed assets during the financial year are able to be readily identified and justified.</p> <p>Determine whether there has been any dumping / write-off of goods.</p>	<p>Yes</p>	<p>The Finance Manager was unaware of any changes made to depreciation rates for fixed assets during the 2007/08 financial year. The club's auditors maintain the asset register and only review / amend the register at the end of the financial year.</p> <p>Discussion with the CEO revealed that the club only disposed of one asset in the 2007/08 financial year. A Ford 4130 tractor owned by the club (one of three tractors used by the club for various ground works) was deemed by the club as irreparable. The club's request to purchase a new tractor in October 2008 for \$57,783 was granted approval by QRL. The Ford 4130 tractor was sold to a wrecking company in November 2008.</p>
<p>Retrieve depreciation rates used by club for:</p> <ul style="list-style-type: none"> a tractor an irrigation system stable accommodation air conditioning and upgrades 	<p>Yes</p>	<p>From examination of the fixed asset register for the 2007/08 financial year, we noted the following depreciation rates:</p> <ul style="list-style-type: none"> irrigation system – 13.5% (diminishing value) base accommodations – 10% (diminishing value) demountable fencing – 7.5% (diminishing value) air conditioning CEO office – 100% (write-off) movable fencing – 22.5% (diminishing value)

Area of Operation	Address (Yes/Part/No)	Observations
<ul style="list-style-type: none"> • fencing • drainage • catering tents • bar refurbishments / upgrades • facility renovations. 		<ul style="list-style-type: none"> • mower (Toro) – 22.5% (diminishing value) • additions and alterations to grandstand – 2.5% (prime cost) • stables – 4% (diminishing value) • grandstand renovations – 4% (diminishing value) • safety fencing - 15% (diminishing value)
Insurance coverage on property and equipment is reviewed periodically for adequacy.	Yes	<p>Insurance coverage on property and equipment is reviewed annually by the CEO and Finance Manager prior to renewal.</p> <p>The club's public liability insurance is handled by QRL, while other types of insurance such as motor vehicles and director's liability is handled by the club through Aon Risk Services, as follows:</p> <ul style="list-style-type: none"> • directors insurance \$1,000,000 • property insurance \$7,440,000 of buildings, \$527,500 of plant & other contents and \$40,000 of stock • car hire \$200,000, storm damage \$5,000 each and every loss, \$25,000 named cyclone • machine/computer breakdown \$10,000 • motor vehicles six vehicles to the market value of the vehicles (except the \$50,000 fixed sum insured for the 2007 John Deere tractor) and other sub-limits applicable (e.g. \$2,000 of towing charges, \$10,000 for removal of debris).
Adequate records (and information) are maintained for property under the control or custody of, but not owned by, the entity (i.e. with local councils).		<p>QRL has a separate office building for its stewards located on the club's property, next to the front gate entrance. Electrical insurance and other maintenance expenses of the office building are fully managed and handled by QRL and do not affect the club. From discussions with QRL and TTC, it appears there is no documented agreement covering this arrangement.</p>
An analysis of capital expenditure incurred during the period is compared with the capital expenditure budget for each committee meeting.	No	As there is no normal capital expenditure budget , no analysis of capital expenditure incurred was performed by the club.
Payroll		

Area of Operation	Address (Yes/Part/No)	Observations
<p>Internal policies relating to human resource management are formalised and adhered to.</p> <p>Where the club relies on volunteers, determine whether volunteers receive any reimbursement for services. Furthermore, confirm that payments made to a person over that of the approved reimbursement have applied the appropriate PAYE tax.</p>	<p>Partly</p>	<p>HR Policy – The club does not have a HR policy and procedures in place.</p> <p>Volunteers - The club does not rely on volunteers.</p> <p>New employees – All new employees are required to complete a Tax Declaration Form and a personal details form, which includes their bank account and emergency contact details. We noted that the club may not have these records for all TTC employees, particularly those who have been employed by the club for a number of years. For example, we were unable to locate the CEO's tax declaration form and personal details form.</p> <p>PAYE tax is configured in QuickBooks based on the completed Tax Declaration Form.</p> <p>Interviews to recruit new staff were mainly performed by the CEO, with assistance from the department manager, depending upon the position. Interviews for management positions may also be conducted by the relevant sub-committee members. For example, the Finance Manager was interviewed by the CEO, Club President and Treasurer. No formal records of interviews were maintained by TTC.</p> <p>Employment contracts/agreements - Employment agreements and position descriptions have been documented for the majority of full-time TTC staff. However, we were unable to sight the signed copies of these agreements. We also noted that the CEO did not have an employment contract and / or position description with the club. The club plans to engage Commerce Queensland to assist in setting up employment contracts / agreements for all permanent employees.</p> <p>Discussion with the Finance Manager revealed instances where verbal agreements may have been made by the CEO with certain employees regarding remuneration for race-day duties performed during normal work hours. This has resulted in the club inconsistently paying full-time staff members in excess of their standard entitlement. For example, overpayments have been made to permanent staff members who are entitled to receive both their normal pay (at 7.6 hours per day) and the duty allowance as per their verbal agreement with the CEO.</p>
<p>Payroll records can be viewed / analysed by cost centre / function area.</p> <p>Where the club relies on volunteers, any payments / donations for service made to organisations (i.e. Scouts) can be traced through the books.</p> <p>Written approval was obtained from QRL prior to the club</p>	<p>Partly</p>	<p>Payroll records can be viewed / analysed by cost centre / function area, as each employee is setup against a class type in QuickBooks. Class types include Administration, Bar, Racecourse, Tote, Race Meeting and Promotions.</p> <p>However, we were unable to obtain a report that lists all current staff and their cost centres from QuickBooks, without also reporting all terminated staff recorded in the system. We noted that an analysis was done by the CEO in 2007, to compare current wages by each functional area against historical wages data from 2000.</p> <p>The club does not rely on volunteers.</p> <p>No donations have been made by the club during the 2008/09 financial year to date.</p>

Area of Operation	Address (Yes/Part/No)	Observations
making donations for charitable, benevolent, patriotic or special purposes.		
Staff salary levels are comparable to the industry levels, staff numbers and staff allowances	Partly	<p>Staff salary levels are comparable to other clubs. However, we noted that the CEO's salary was lower than average industry levels in comparison with other TAB clubs.</p> <p>Casual staff members are paid at standard rates, with penalty rates paid on public holidays.</p>
The club's organisational structure, including full-time staff numbers is reasonable, appropriate and adequate for the size of the club's operations.	Yes	<p>TTC currently hires 10 full-time staff and 5 permanent part-time or casual staff. Additional casual staff members are hired for feature race days.</p> <p>TTC recently changed the organisational structure, this primarily involved diversifying the responsibilities of the previously central role of the Operations Manager, who was responsible for managing more than seven supervisors and staff.</p>
Staff allowances are monitored and reviewed for compliance with the club's staff allowances policy (if any).	Partly	<p>There is no documented staff allowances policy. We noted that TTC provides staff allowances to certain employees, in the form of Time Off In Lieu (TOIL), fuel cards and mobile phones.</p> <p><u>TOIL</u> – All TTC employees (full time, part time and casual) are required to complete weekly timesheets. The CEO, Course Ranger and Finance Manager may work during weekends to facilitate the race days. Hours worked exceeding the standard hours (8 hours per week for full time staff) are accumulated as overtime paid at standard wage conditions recorded as TOIL (Time Off In Lieu). TOIL arrangements are not documented in the unsigned employment agreements.</p> <p><u>Fuel cards</u> – The CEO and Course Ranger are provided with a motor vehicle, with TTC covering all vehicle-related expenses including fuel and vehicle servicing costs. This was documented in the Course Ranger's unsigned employment agreement. Servicing costs are only incurred for the CEO's vehicle, as all other club vehicles are serviced internally within the club. We noted however there was no employment contract for the CEO, to document his entitlements to these allowances.</p> <p>The club has fuel card arrangements with no limits through BP / Reliance Petroleum. Fuel card transactions are grouped by the relevant cardholder. While the monthly invoice statements lists individual fuel purchase transactions incurred, we noted that vehicle registration and odometer readings were not recorded and reported. TTC lacks control over fuel card usage by not requiring staff to disclose these details. The fuel card statements are reviewed by the CEO. However we observed that the CEO did not consistently sign off on the green cheque reconciliation form to approve the invoice for payment.</p> <p>Refer Appendix F for more details.</p>

Area of Operation	Address (Yes/Part/No)	Observations
		<p><u>Corporate Mobile Phone</u> – TTC provides the CEO and Course Ranger with a corporate phone plan with Telstra. There is also a mobile phone provided for the previous Promotions Manager who has left TTC. This phone is on a contract and is therefore now used for race day staff if needed.</p> <p>The CEO has a \$550 standard cap with 3G cap mobile plan, while the Course Ranger has a \$200 standard cap with 3G \$49 cap mobile plan. The mobile phone allocated to the promotional area has \$450 standard cap with 3G \$79 cap mobile plan.</p> <p>TTC does not have a formal phone usage policy. Other staff members who are required to use their personal mobile phones for work purposes are required to claim reimbursement, typically drawn from petty cash.</p> <p>In examining the mobile phone expenses for the 2008/09 financial year to date, we noted two instances where the CEO's mobile expense was well above the average of \$340.39 on the mobile plan with \$550 standard cap. This is related to the months of July and August 2008 for \$840.76 and \$780.04 respectively. For these months, all calls were made from the local area. Refer Appendix for more details.</p> <p>Mobile phone bills are reviewed by the CEO who signs off on the green cheque reconciliation form to approve the invoice payment.</p>
<p>Club Committee's allowances including complimentary beverages and catering are monitored and reviewed for compliance with the club's staff allowances policy (if any).</p>	<p>Partly</p>	<p><u>Beverages and Catering</u> - Roux Blond provided catering services for the full committee meetings at \$40 per month. Catering for full committee meetings was previously performed internally using petty cash for a similar amount. Discussion with the CEO reveals this practice will resume from June 2009 onwards.</p> <p>Complimentary beverages provided to race winners in the member's lounge are recorded in a sheet (Complimentary Drinks - Race Winners) which lists the beverage item and sign-off from the approving committee member / CEO. This is a new practice recently introduced to improve accountability and controls around the provision of complimentary beverages by bar staff. Prior to this, complimentary beverages were not being recorded, thereby reducing bar stock levels and profitability.</p> <p>A dry till is kept in the Committee Room during major race days (i.e. all beverages and catering purchased in the room are recorded in the till, free of charge). Access to the Committee Room is only available to committee members and their guests.</p> <p>The Finance Manager allocates the amount of complimentary beverages and catering to the "Functions / Social Club Catering" account. There was no evidence of committee expenses being discussed during the finance and / or full committee meetings. Examination of the GL account in the 2007/08 and 2008/09 financial year to date showed:</p> <ul style="list-style-type: none"> • regular payments of \$40 to Roux Blond for monthly full committee meetings throughout the period • payment of \$150 to Roux Blond for AGM in September 2008

Area of Operation	Address (Yes/Part/No)	Observations
		<ul style="list-style-type: none"> • payment of \$1622.95 to The Pier for Committee Christmas function in December 2008. <p><u>Travel and Other Expenses</u> – TTC does not provide corporate credit cards to its staff or committee members. Committee expenses that are required to be processed using credit card were typically paid using the CEO or the club president's personal credit card, to be reimbursed by the club. TTC did not have a staff or committee allowances policy. Travel expenses were recorded in "Travel Expenses" GL account. We observed that there was minimal entertainment expenses paid by the club.</p> <p><u>Approval of Committee Benefits and Complimentaries</u></p> <p>The club did not have any documented policies or procedures for approving committee benefits and complimentaries.</p>
Accrued amounts of annual leave and long-service leave entitlements of staff were calculated accurately, and the accrued leave balances are reasonable and not excessive.	No	<p>Annual leave entitlements are calculated and accrued using QuickBooks.</p> <p>However, the employee system and general configuration in QuickBooks has not been set up properly. For example, the accuracy of the hourly rates for employees inconsistent. As a result, while the QuickBooks annual leave balances in hours are accurate, the dollar amount of the annual leave provision is incorrect. We noted that TTC's external auditor (WHK Team Smith) was unable to verify the balance of employee leave entitlements as at 30 June 2008. Mr. M. Smith noted that any adjustment in leave entitlements should be immaterial.</p> <p>Based on the manual calculation produced by the Finance Manager, we noted that the CEO has accrued more than eight weeks of Annual Leave as at 10 June 2009 (8.81 weeks at 38 hours per week, amounting to \$10,574). Furthermore, sick leave appears to be accruing continuously for all employees, with more than half of the employees accruing more than 8 sick leave days according to the leave entitlement spreadsheet produced by the Finance Manager.</p> <p>Due to these issues, the Finance Manager has to perform manual adjustments and checks in each week's pay run to ensure that the correct amounts for pay, leave and superannuation are paid. These manual adjustments may be avoided if QuickBooks was configured properly.</p> <p>Discussion with the Finance Manager confirmed that long service leave and sick leave balances are not being accrued and calculated in QuickBooks. We noted that the general ledger accounts have been set up in QuickBooks, but no transactions have been recorded against them. TTC has therefore not recognised long service leave and sick leave as an expense, with no provision for this leave being recognised in TTC's balance sheet.</p>
<i>Accounting Records</i>		
Bank account reconciliations are prepared and reviewed according	Partly	Bank account reconciliations are prepared by the Finance Manager. There is no documented policy or procedure covering this process, including the frequency and process of review for reconciliations.

Area of Operation	Address (Yes/Part/No)	Observations
to internal policies.		<p>In practice, the Finance Manager endeavours to perform a reconciliation of the bank account once a week. During our review, the Finance Manager was three weeks behind with the bank reconciliation.</p> <p>The bank reconciliations were not required to be formally reviewed by the CEO. We noted that the Club's President would at times perform the review.</p> <p>The bank reconciliations prepared are signed by the preparer and reviewer.</p>
Controls exist over miscellaneous receipts.	Yes	<p>The front reception in the main administration building has a till for receiving payments for membership, fielding fees, book club levy, race books, donations and sundry receipts.</p> <p>Two receipt books are maintained for receiving payments, with one book for cheques and cash, the other for EFTPOS. All cash and cheque payments received are banked by the Racing Secretary at least once a week, with cash and cheque amounts reconciled to receipts and till statements. Banking is performed more frequently during the membership renewal periods. EFTPOS payments are reconciled to receipts using the batch settlement tapes from Westpac. The use of the two separate receipt books began in January 2009, with a traditional receipt book utilised prior to that.</p>
Aging of receivables is prepared and reviewed.	Partly	<p>Aging of receivables is prepared by the Finance Manager on a monthly basis. The aging receivables report is sent to the Finance Committee each month.</p> <p>The Finance Committee meeting minutes have not been consistently maintained over the 2007/08 and 2008/09 financial years to date. From examination of the available Finance Committee meeting minutes, there was no evidence to suggest that the aged receivables report were discussed by the Finance Committee.</p> <p>The breakdown of aged receivables, totalling \$90,503.50, as at 15 June 2009 is as follows:</p> <ul style="list-style-type: none"> • 1 month outstanding: \$ 19,723.05 (22%) • 2 months outstanding: \$ 13,723.05 (15.1%) • 3 months outstanding: \$ 12,114.00 (13.4%) • More than 3 months outstanding: \$ 44,766.06 (49.5%) <p>The following is the breakdown of aged receivables, totalling \$65,289.09, as at 30 June 2008.</p> <ul style="list-style-type: none"> • Current outstanding on 30 June 2008: \$ 17,076.73 (26.2%) • 1 month outstanding: \$ 36,290.07 (55.55%) • 2 months outstanding: \$ 27.05 (0.04%) • 3 months outstanding: \$ 464.60 (0.71%)

Area of Operation	Address (Yes/Part/No)	Observations
		<ul style="list-style-type: none"> More than 3 months outstanding: \$ 11,430.64 (17.5%)
<p>Reconciliations are prepared between the general ledger and subsidiary ledgers.</p>	<p>Partly</p>	<p>Reconciliations between general ledger and subsidiary ledgers are automatically performed in QuickBooks. However, we noted that the reconciliation between the fixed asset register and the general ledger has not been performed.</p>
<p>Function revenue is reconciled with the number of attendees and function agreements.</p>	<p>Yes</p>	<p>Function revenue is received by the club after the function has been held. The club requires a deposit to be paid prior to the function booking being confirmed.</p> <p>Invoice amounts to the function organiser are on the basis of the original agreement with the club regarding attendance numbers and selected packages. Regardless of whether function attendance is lower than initially predicted, the club would invoice the function organiser per the initial agreement. The Bar and Functions manager has recently developed an agreement form that outlines the terms and conditions to be signed off when booking in a function.</p> <p>As catering services are provided by an external supplier, the club is required to confirm with the caterers with the booked attendance numbers 72 hours prior to the function.</p>
<p>Gate admissions are reconciled with token counts.</p>	<p>Partly</p>	<p>The club's gate admission process is consistent for both normal and large race days, other than the scale and use of other tickets such as pre-paid tickets. Admission price for concession and general public on a normal race day is \$3 and \$5 respectively, with prices increasing to \$10 and \$15 respectively for major race days.</p> <p>Public Patrons gain admission to the club via the main gate, which for normal race days is managed by two casual employees. Pre-paid tickets (one ticket roll each for general public and concession) are purchased by the general public through the club's marketing outlets. These tickets are then deposited into a box at the gate entrance where the security employee (gate keeper) is stationed to monitor entry and sell race books. Attendance statistics are determined by calculating the difference in ticket numbers from the first ticket sold to the last for any particular race day. Patrons with children are required to complete a form prior to entry for liquor licensing purposes. Child attendance numbers are determined based on this form.</p> <p>The club contracts Tickets Online to handle gate ticketing for the Ladies Race Day and Townsville Cup. After the race Tickets Online sends a detailed report of revenue collected. From this report, the club generates an invoice for the revenue earned less fees charged by Ticket Online.</p> <p>TTC manages the facilities for the Amateurs Race Days, with TTC operating the bars and tote for the race-day. All gate admission staffing and revenue are handled by Amateurs and therefore these statistics were unavailable to the club.</p> <p><u>Members and Complimentary</u> - Members are required to enter through a turnstile after showing the gate keeper their membership badge. The gate keeper notes the turnstile reading at the start and finish of the race day to calculate</p>

Area of Operation	Address (Yes/Part/No)	Observations
		<p>member attendance. Functions and complimentary tickets are noted either through a clicker reading or through the collection of such tickets. Pre-numbered complimentary tickets and committee guest passes are issued for specific race days and must be authorised and signed off by the CEO.</p> <p>Committee members, trainers and bookmakers are able to park in the racecourse grounds on race days. A casual employee is stationed at the entrance of the car park to monitor and record the entrance of such patrons.</p> <p><u>Gate attendance reconciliation</u> - On the gates are closed on a race day, the 'Gate Takings' form is completed by the booth operator outlining ticket sales multiplied by ticket price to calculate total sales. Cash is then counted and documented on the same form. The 'Gate Keeper' form is also completed by the second gate keeper at the main entrance and the gate keeper at the race course car park.</p> <p>A reconciliation of gate admission cash collected is performed for every race day. The Racing Secretary utilises a gate reconciliation spreadsheet which collates all the statistical and sales data from the various forms completed. A second count of cash is performed by the Racing Secretary to verify the total takings, which is recorded on the reconciliation form. While we observed that gate sales are reconciled against the gate attendance numbers, we noted three instances of significant variances which were not detected and investigated. Further investigation revealed that two of the variances related to typographical errors by the gate staff. A control check cell should be included on the gate reconciliation spreadsheet template to highlight any variance between attendance numbers and gate sales.</p> <p>Refer to Appendix for gate attendance analysis.</p>
<p>Bookmakers' fees are reconciled with race day books.</p>	<p>Partly</p>	<p>For each race day, the club charges bookmakers a fielding fee and a percentage of the bookmaker's total hold. Bookmakers are required to complete 'Bookmakers Betting Turnover Advice' and 'Bookmaker's Return' forms, stating their total hold for the race day along with a calculation of the percentage fee owed to the club. The majority of bookmakers pay the required fees to the club at the end of the race day to the Racing Secretary at the front counter. Receipts are issued from the till.</p> <p>We observed that fees are paid before the Racing Secretary reconciles the forms to bookmaker tapes. With the tapes being collected by QRL at the end of the race day, the club relies on the bookmakers to complete their forms correctly. As the Racing Secretary prepares a summary of bookmaker attendance and total holds based on the bookmaker forms, bookmaker fees were therefore not being fully reconciled against the bookmakers' tapes.</p>
<p>Accruals are reversed or adjusted out correctly and timeously, and are appropriately used.</p> <p>Determine how often the club</p>	<p>Partly</p>	<p>Accruals are set up as automatic journal entries in QuickBooks. Depreciation, prepaid insurance and public liability insurance is accrued on a monthly basis.</p> <p>With the assistance of the club's president, the Finance Manager is in the process of determining the most appropriate method to account for the '100 Club' sponsorship revenue that is received in advance.</p>

Area of Operation	Address (Yes/Part/No)	Observations
accounts for Depreciation expense.		We noted that TTC did not accrue long-service leave and sick leave.
Asset revaluations are periodically performed.	No	The club's auditors are responsible for maintaining the fixed assets register. No stock takes have been performed by the club or their auditors recently. No asset revaluations have been performed in the last 2 years.
Balance Sheet reconciliations are performed and reviewed for reasonableness of remaining balances. The Business Activity Statement correctly reflects input tax credits / offsets that are flowing through the club.	Partly	The Finance Manager did not perform a reconciliation of the Balance Sheet. A comparison of the previous month's Balance sheet to the current month was provided to the Finance Committee each month. However, we were unable to verify if this report was reviewed each month, as the Finance Committee meeting minutes have not been maintained consistently over the 2007/08 and 2008/09 financial years to date. TTC's Business Activity Statements (BAS) appear to reflect input tax credits and offsets that are flowing through the club. Several instances of late penalties being issued to the club for late lodgements of their Business Activity Statements, up to \$10,000 in December 2008 were noted.
Identify any circumstances where another GL account could be set up to better identify a type of revenue or expenditure.	Partly	The Finance Manager did not have a good understanding of the setup of TTC's accounting system, with reliance on the club's president to provide guidance and direction as to which GL accounts transactions should be posted to. During the review we noted the following improvement opportunities to the GL account setup were noted: <ul style="list-style-type: none"> • Fuel expenses for motor vehicles were being recorded under the Repairs and Maintenance GL account. A separate GL account should be created to account for fuel expenses and general vehicle repairs • Committee beverage and catering expenses were being recorded under the Functions / Social Club Catering GL account. Charges being made to this GL account include complimentary beverages provided by the committee to race winners. A separate GL account for committee beverage, catering and complimentary expenses should be created. Due to the existing GL account configuration, we noted that QRL has not been supplied with accurate amounts for committee expenses in the QRL financial standard template (\$0 from 2005 onwards).
Management accounts are reconciled to the GL and include: <ul style="list-style-type: none"> • actual trading information, compared with the approved Trading Budget • key performance indicators 	Partly	Profit and loss statements and balance sheet variance analyses (to budget and prior year's performance) are discussed at the Finance Committee meetings, with a high level summary of findings reported to the Full Committee. We noted Finance Committee meeting minutes have not been maintained consistently over the 2007/08 and 2008/09 financial years to date. Some analysis was provided at the full committee meeting for significant variances / discrepancies. However, this was done at a high level. We noted a number of instances where the financial reports were not reviewed in a timely manner. These included

Area of Operation	Address (Yes/Part/No)	Observations
<p>compared with budget, last year's actual figures and recent trends</p> <ul style="list-style-type: none"> detailed analysis as to reasons for significant variances of each revenue, expense and key performance indicator compared with budget a listing and analysis of committee expense incurred is performed. 		<p>but were not limited to the following:</p> <ul style="list-style-type: none"> June, September and October 2007 financial reports were discussed two months later, in August, October and December 2007 full committee meetings, respectively February 2008 financial reports were discussed at the March 2008 meeting as they were unavailable at the time of the full committee meeting. This was subsequently discussed in April 2008 No reports were presented in June and July 2008, and of financial year reports were presented to the full committee in August 2008 July, August and September 2008 financial reports were presented at the October 2008 full committee meeting. <p>The Finance Manager allocates the amount of complimentary beverages and catering to the "Functions / Social Club Catering" GL account. There was no evidence of committee expenses being discussed during the finance and / or full committee meetings.</p> <p>As TTC has no business plan, there were no key performance indicators and targets set for which comparisons can be made.</p>
Cash Collection and Disbursements		
<p>Responsibilities for preparing bank Account reconciliations are segregated from other cash receipt or disbursement functions.</p>	Partly	<p>Bank reconciliations are prepared by the Finance Manager and reviewed by the CEO if required. The Racing Administrator / Secretary is responsible for performing the cash receipt function at the front counter reception. However, the Finance Manager may at times assist in this area, if required.</p>
<p>Bank accounts are reconciled by an employee who does not sign cheques, handle or record cash.</p>	Partly	<p>Bank reconciliations are prepared by the Finance Manager and reviewed by the CEO if required. The Finance Manager is in the process of being authorised as an approved signatory for both cheques and EFT. As noted above, we observed that the Finance Manager may at times assist in receipting cash over the front counter reception, if required.</p>
<p>Regular spot-checks are performed on cash and revenue collected from bar & catering.</p>	Partly	<p>The club did not perform spot-checks on cash and revenue collected from bars area. On major race days, the Bar & Functions Manager employs bar supervisors who monitor the cash handling of bar staff working in each bar location. We observed that the bars are attended by permanent bar staff on normal race days, who are able to work unsupervised.</p>
<p>Cash is regularly collected from the tills and reconciliation is performed throughout the race day.</p>	Partly	<p>On normal race days, cash is only collected at the end of the day.</p> <p>On feature race days, cash is collected regularly throughout the day by two people. We noted that the club did not involve the security guards on site to escort the staff member carrying the cash back to the main administration building. Cash is then counted through the day in either the safe room or the Finance Manager's office by casual</p>

Area of Operation	Address (Yes/Part/No)	Observations
		<p>employees with cash handling experience.</p> <p>Through discussions with a number of staff, we noted that cash collections are occasionally performed by both the Bar and Functions Manager and her husband, who is a casual employee of the club. With the existing bar reconciliation procedures (discussed in more details below), there is an increased risk of fraud / theft that may go undetected. Cash collections should be performed by two independent staff members, escorted by a security guard at all times.</p> <p>Reconciliation of the cash collected against amounts recognised in the bar till tapes is usually performed on the day after the race day (for both normal and feature race days). Cash is kept in the safety box overnight, located in the safe room in the main administration building. During our site visit we observed that the safe room is open for most of the day, as the Racing Secretary performs the cash reconciliation and count inside the safe room. With the safe room being visible from the front counter reception area, there is an increased risk of theft / robbery involving a large amount of cash.</p>
<p>Cash collections are reconciled to:</p> <ul style="list-style-type: none"> • tape (bar and catering), • tote system printouts (TOTE) • token counts (gate takings), <p>Any discrepancies are investigated before banking.</p>	<p>Partly</p>	<p>The following race days were selected and examined the reconciliation process performed:</p> <ul style="list-style-type: none"> • 26 July 2008 (Townsville Cup) • 11 August 2008 (Melbourne Cup) <p>From our examination, we noted the following reconciliation process for Tote, Bar and Function Catering on both normal and feature race days:</p> <p>Tote – The Tote Manager prepares Tote Reconciliation form at the end of each race day. Cash collected from tote is reconciled against tote system printouts, with each tote operator held accountable for any variances below cash collected. Tote operators would be required to pay the difference in the future. The Tote Manager maintains a running balance of variances owed for each tote operator and would progressively collect the balance on an <i>ad hoc</i> basis. Variances are recorded in QuickBooks under a ‘Variances Tote’ account.</p> <p>Functions - We noted that function revenue is typically invoiced after the race-day once the club has received invoices from the club’s caterers or other function suppliers. Invoice amounts would be formed on the basis of the original agreement with the club regarding attendance numbers and selected packages. Regardless of whether function attendance is higher than initially predicted, the club would invoice customers as per the initial agreement.</p> <p>Function attendances are recorded under “Functions” in the attendance breakdown list with attendance numbers divided into the specific functions.</p> <p>The club outsources function catering to three preferred suppliers. Customers are also able to select a different caterer. Preferred suppliers are required to pay a commission of 10% of function revenue to the club.</p>

Area of Operation	Address (Yes/Part/No)	Observations
		<p>Bar – On major race days cash skims are performed throughout the day. No cash is counted in the bar areas in public view, but is taken to the safe room to be counted. Each till has a ‘Bar Cash Movement Sheet’ that needs to be completed by till operators for cash collections, change received, no sales entries and over-rings. These sheets were not consistently utilised or detailed correctly.</p> <p>The reconciliation of bar till to cash collected is normally performed the day after the race day. The reconciliation spreadsheet completed by the Racing Secretary details all the cash collected from specific bars including the final count at the end of the day. Z reads are taken from each bar till detailing the amount of total sales for the day. The Bar and Functions Manager is the only employee who has the key to run this report from the tills. The total cash collected less the initial till float amounts are then compared with the till tapes less any identified over-rings. Variances are not extensively investigated nor are they recorded in QuickBooks. For Townsville Cup 2008, while the overall negative variance amounted to \$100,000, we noted four tills with negative variances in excess of \$1,000. With no reconciliation performed between tills and sales to bar stock movements, TTC does not have the ability to identify the cause of such significant variances.</p> <p>Gate Takings - A reconciliation of gate admission to cash collected is performed for every race day. The Racing Secretary utilises a gate reconciliation spreadsheet template which documents all the statistical and sales data from the various gates completed. A second count of cash is performed by the Racing Secretary to verify the total takings, which is recorded on the reconciliation form. Whilst we observed that gate sales are reconciled against the gate attendance numbers, we noted three instances of significant variances which were not detected and investigated. Further investigation revealed that two of the variances relate to typographical error by the gate staff. A control check cell should be included in the gate reconciliation spreadsheet template to highlight any variance between attendance numbers and sales.</p> <p>Security – Security services from G&I Security are only engaged on major race days for the main purposes of crowd control and gate entry supervision. The club did not utilise the security guards in the cash collection process that occurs throughout the day on major race days.</p> <p>Floats are collected from the bank by the Bar and Functions Manager or the CEO on regular race days. On major race days Linfox Armaguard is engaged to deliver and collect floats.</p>
<p>Bar stock-takes are performed at the end of each race day. Total bar stock sold on the day is reconciled against the total bar revenue.</p>	<p>No</p>	<p>Bar stock-takes are performed on a monthly basis by the Bar and Functions Manager and CEO. There was no minimum or maximum stock ordering limit in place. While a beverage stock-take policy has been documented, we noted that staff members including the Bar and Functions Manager were not fully aware of the policy, including its contents.</p> <p>The Finance Manager generates a bar profit margin percentage report that is provided to the Finance Committee every month. This report calculates gross profit margin based on the total bar sales less cost of goods sold. We confirmed with the Finance Manager that the profit-and-loss statements for the bar area did not represent an accurate</p>

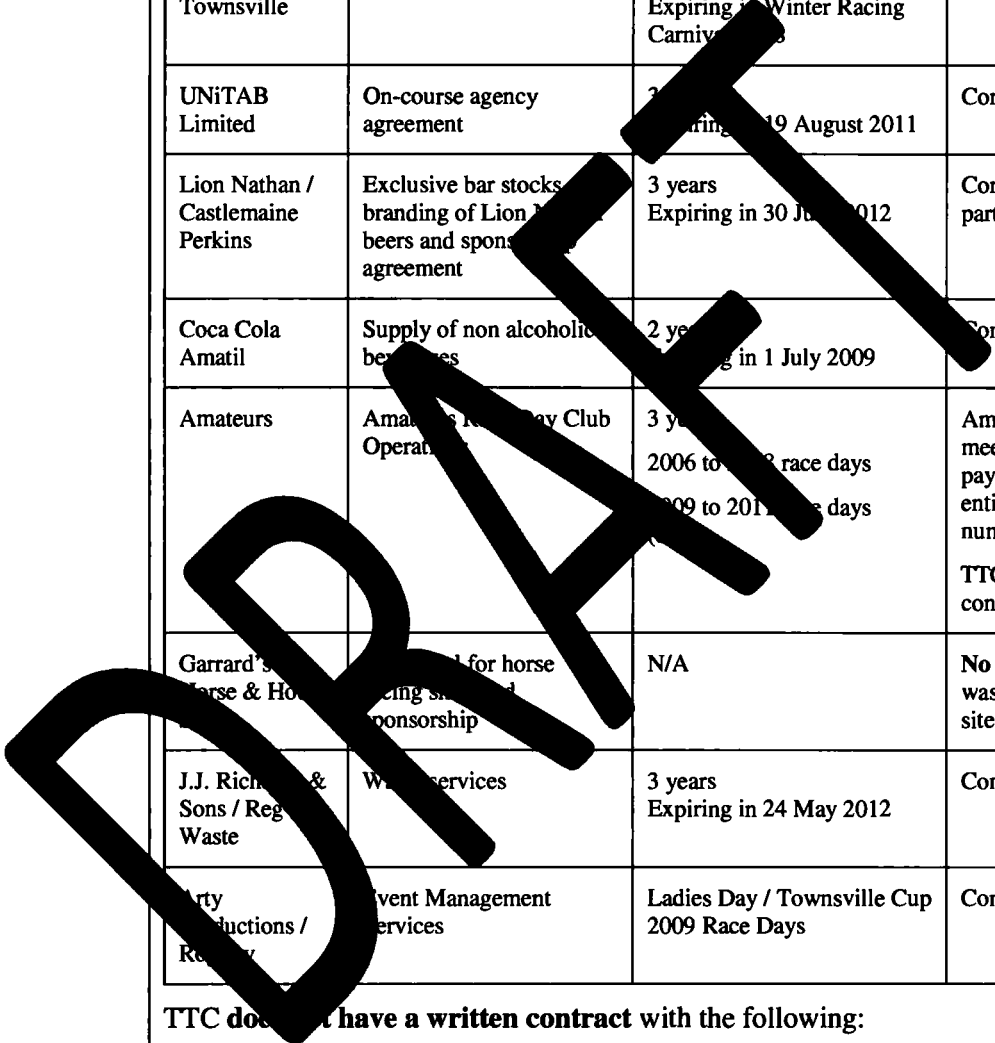
Area of Operation	Address (Yes/Part/No)	Observations
		<p>calculation of gross profit percentage and net income. This is attributable to the “Cost of Goods Sold” amount which represented the total cost of goods purchased by the bar area in that month, adjusted by the stock-take balance from the beginning of the month, less the bar stock take balance of the end of the month. For example, in April 2009 there were \$4,729.74 worth of purchases and \$1,671.03 worth of stock adjustments from the stock-take results, which amount to a total of \$5,800.77 worth of “Cost of Goods Sold”.</p>
<p>Petty cash is only used for purchases of goods and services where the total cost does not exceed \$50.00.</p>	Partly	<p>Petty cash has a float of \$504.05 and is kept in a locked tin, stored in a cupboard in the safe room. While most purchases made using petty cash do not exceed \$50, petty cash has been used for purchases exceeding \$50 when required. For example, payments to the fertilizer supplier who is paid by cash on delivery.</p>
<p>Delegated staff members are given the responsibility for safeguarding and accounting for petty cash.</p> <p>Petty cash is verified by surprise counts (at any time coins + cash = float).</p>	Partly	<p>The Finance Manager is responsible for safeguarding the petty cash. While the CEO and Racing Administrator / Secretary have access to unlock the safe, the key to open the locked petty cash tin is usually kept by the Finance Manager.</p> <p>The Finance Manager regularly performs checks on the remaining balance in the petty cash tin to confirm whether the petty cash requires replenishment. However, petty cash was not verified by surprise counts against the petty cash book only performed when the petty cash tin is being replenished.</p>
<p>Petty cash reimbursement forms are used to initiate the purchase of petty cash items.</p>	Yes	<p>Petty cash docket are completed when initiating the purchase of petty cash items. Whilst the petty cash book was previously accessible to all staff members, staff must now obtain approval from the Finance Manager to initiate a purchase of petty cash items with the petty cash docket entries being completed by the Finance Manager.</p>
<p>All reimbursement forms are accompanied by corresponding receipts.</p> <p>Confirm reimbursements are explainable and legitimate race club expenditure.</p>		<p>A reconciliation of petty cash is performed each time the petty cash tin is replenished. This may occur multiple times during the month, depending on the remaining petty cash balance. We noted that the Finance Manager reimburses the petty cash using the standard purchasing process, by completing the green Cheque Reconciliation form, to be approved by the CEO for payment. All relevant dockets and invoices are attached to this form. Nothing has come to our attention to suggest that reimbursements were not made for legitimate race club expenditure.</p>
<p>All invoices received from vendors are filed in a central location, such as the accounting department.</p>	Partly	<p>Invoices received from vendors are kept in the invoice payments folders, sorted by the month the invoice was paid by the club, in payment date order. The invoices folders are kept in the Finance Manager’s office.</p> <p>We observed that the general filing system in the Finance Manager’s office requires tidying up to allow for easier access and retrieval of other documents. This includes the filing of invoices, which are typically filed by each supplier,</p>

Area of Operation	Address (Yes/Part/No)	Observations
Dual signatures are required for cheques and EFT (Electronic Funds Transfer) payments	Yes	<p>as opposed to by payment date.</p> <p>Authorised cheque signatories for TTC include the CEO and all members of the current Finance Committee:</p> <ul style="list-style-type: none"> • Alan Parry - President, • John Parry – Finance Committee Member, • Daryn Mitchell – Treasurer. <p>EFT tokens to access Westpac online are made available to the CEO, President and Treasurer. Any two of the three authorised staff members above can fully authorise an EFT payment. The President and Treasurer are not typically involved in authorising EFT payments. The tokens were provided to them for backup purposes.</p> <p>We noted that TTC is in the process of issuing the Finance Manager with an EFT security token and approving her to be an authorised cheque signatory. During our audit, we observed the Finance Manager utilised the Treasurer’s EFT token to authorise EFT payments.</p>
Adequate system controls in the form of user access privileges have been set up in the club’s accounting system	Partly	<p>Full access privileges to QuickBooks were granted to the Finance Manager (administrator), CEO and the Racing Administrator / Secretary. We noted that the CEO and the Racing Administrator / Secretary do not require full access as part of their role and responsibilities. System access to these staff members should therefore be restricted.</p>
<p>Adequate segregation of duties exists with regard to:</p> <ul style="list-style-type: none"> • controlling blank purchase orders • placing orders with vendors (including preparation of purchase order) • receiving • approving vouchers for payment • processing approved vouchers 	Partly	<p>Purchase order books are issued to individuals by the CEO or Finance Manager. Purchase order forms are required to be signed off and approved by the CEO if the purchase exceeds the employee’s delegation limits. We noted the club did not have a documented purchasing policy, including employee delegation limits. Purchase order forms are not required for regular payments such as phones and electricity bills.</p> <p>The purchase order book is issued to the CEO, Bar Manager, Marketing Consultant and Finance Manager. The Finance Manager’s purchase order book is used for the Winter Racing Carnival (Ladies Day and Townsville Cup). Purchases made by the Finance Manager using this book have a pre-approved budget. Hence these purchase orders do not require further approval to be obtained. Purchases made by the Marketing Consultant also have a pre-approved budget with similar approval requirements to the Finance Manager’s purchase order book.</p> <p>Orders placed with vendors by either the Racing Administrator / Secretary for stationery or general items or Bar Manager for bar stock. Purchases and receipts of bar stock deliveries are the responsibility of the bar manager. This role may be delegated to the Head Gardener / Facilities Manager. Stationery purchases are made using an Officeworks corporate card. This card has a shared limit of \$1,400 and has been issued to the CEO, Finance Manager, Bar Manager and the Racing Administrator / Secretary.</p>

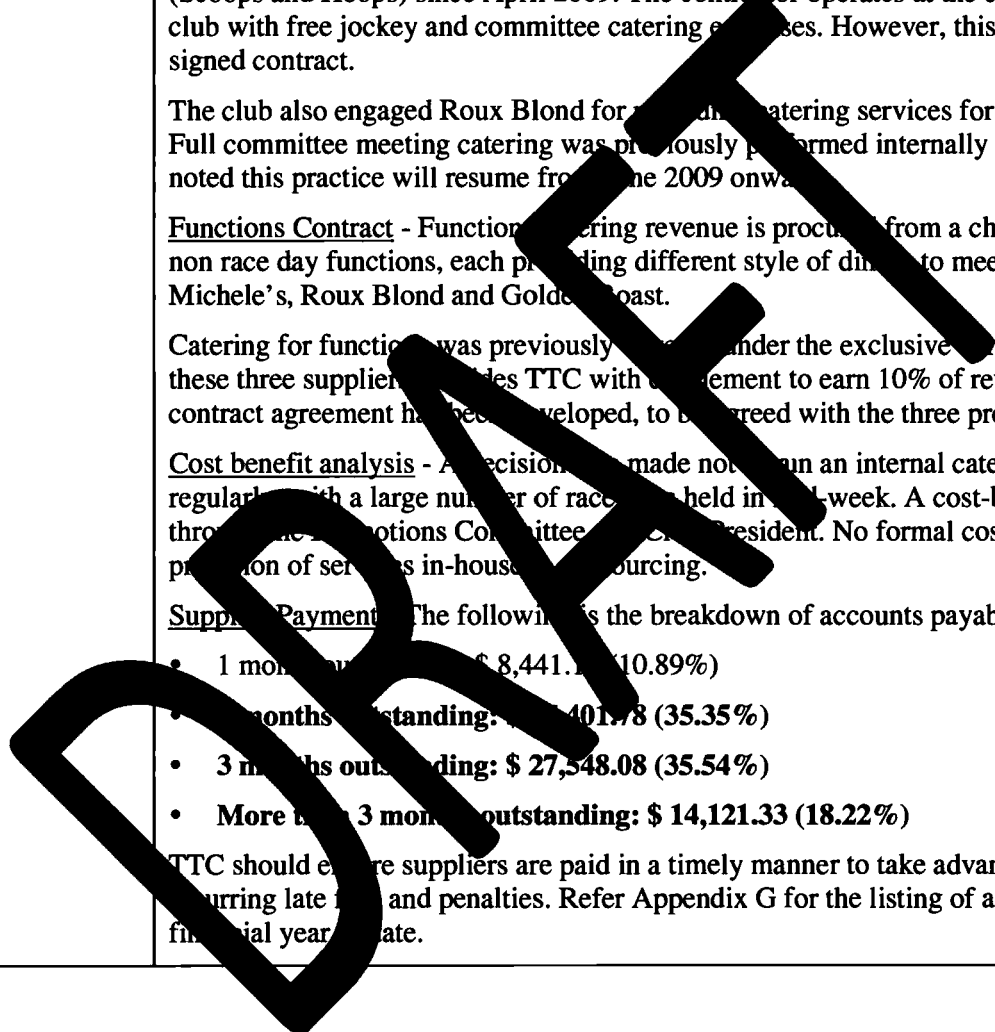
Area of Operation	Address (Yes/Part/No)	Observations
<ul style="list-style-type: none"> disbursements. 		<p>When the supplier issues an invoice to the club, the Finance Manager verifies that the invoice corresponds to an approved purchase order. If no purchase order was found for the invoice, the Finance Manager obtains approval from the CEO for payment. All other invoices are also required to be approved for payment by the CEO, to be processed in QuickBooks by the Finance Manager. CEO approval sign-off is obtained on the green cheque reconciliation form that is stapled against each invoice to be paid. During the invoice payments folders, we noted instances where invoices have been processed for payment without the CEO sign off or an approved purchase order form attached on the invoice.</p> <p>We noted that the Finance Manager plans to train the Reception Administrator / Secretary to perform basic supplier payment and payroll functions as backup to the Finance Manager, if she is away.</p> <p>We observed overdue and late payment fees have been regularly incurred by TTC throughout the 2008/09 financial year period. This included Extra Energy, Office Works, J.J. Richards & Sons, Coates Hire, HLW, BOC Gas.</p>
<p>A register is maintained of corporate credit cards, with documented policy, delegation limits and review / approval process of credit card transactions.</p> <p>Credit card statements are reviewed and approved for appropriateness in a timely manner.</p>	N/A	<p>TTC does not provide corporate credit cards to staff or committee members. Discussion with the CEO noted the club is considering obtaining a corporate credit card to allow TTC to pay for certain payments that must be paid using credit cards such as flights. These payments are currently paid using the CEO's personal credit card, with a reimbursement made by the club, back to the CEO. Flights incurred by the club's president are also typically paid for using the president's personal credit card, and subsequent reimbursement made back to the president.</p> <p>Reimbursements are processed when the CEO or president submits the relevant invoices to the Finance Manager, who then completes the green sheet cheque reconciliations for CEO approval. The Finance Manager then records the reimbursements into QuickBooks to process the payment.</p>
<p>The club maintains a sound cash banking and investment structure, with the Board's involvement and approval to changes in the structure and where the cash is banked.</p>	Partly	<p>TTC has two bank accounts with Westpac. The accounts and balances as at 9 June 2009 are as follows:</p> <ul style="list-style-type: none"> Cheque account - \$69,717.68 Max-i Direct account - \$958.49 (earns higher interest than the Cheque account) <p>During the year, the balance of the Cheque account above was much higher than the Max-i Direct account. This was temporary as large cash balances were transferred from the Max-i Direct account to the Cheque account to provide for floats for the Parry Nissan feature race day on 8 June 2009. Floats required to be withdrawn from the bank for this race day may amount to more than \$90,000.</p> <p>The club's banking and investment structure is reviewed by the Finance Committee. No term deposits or other investment accounts have been utilised recently, as the club requires the cash to be kept available to fund the initial</p>

Area of Operation	Address (Yes/Part/No)	Observations												
		floats on race days. However we were unable to confirm this discussion has taken place, as the meeting minutes for the Finance Committee have not been consistently documented.												
<p>Purchasing</p> <p>The club has documented policies and procedures in place for purchasing and tendering.</p> <p>Contracts are signed by delegated authorities in accordance with its constitution. The club reviews contracts on a regular basis in accordance with its policies and procedures.</p> <p>The club performs a cost benefit analysis when determining whether to provide services in-house or outsource to contractors. The Committee is involved in making informed decisions on outsourcing.</p>	<p>No</p>	<p>Policy and procedures - The club does not have a formally documented purchasing or tendering policy or procedure in place, including the delegation of authority limits. Consequently staff members in general did not appear to have a clear understanding of the authority limits and approval process. Discussions with the CEO and Finance Manager noted the following authority limits and approval process:</p> <ul style="list-style-type: none"> • purchases of more than \$500 requires approval from the CEO, if the purchase is of a non-recurring nature • purchases of more than \$1,000 requires approval from the full committee • purchases of more than \$25,000 requires approval from QRL <p>Purchases that are of a recurring nature only require CEO approval prior to the invoice being processed for payment.</p> <p>Contracts - A contracts register is not maintained by the club. There is no formal process in place for the engagement of tendering contracts. Furthermore, contracts were not kept in a centralised location in the club. For example, sponsorship contracts were kept by either the part-time marketing consultant or the CEO, while other contracts are either kept by the Finance Manager or the CEO.</p> <p>Contracts were signed by the CEO and were generally reviewed only when they expire. From examination of full committee minutes, it appears contracts were not presented to the full committee for review and approval. Discussions may have taken place informally/verbally.</p> <p>Several were sourced from Hotel Liquor Wholesalers (HLW) and Australian Liquor Marketers (ALM). However TTC has not entered into any contractual agreements with these suppliers. TTC has contractual agreements with Lion Nathan and Coca Cola Matil.</p> <p>We examined the following contracts:</p> <table border="1" data-bbox="741 1222 2101 1485"> <thead> <tr> <th>Supplier</th> <th>Goods/service provided</th> <th>Contract term</th> <th>Comments</th> </tr> </thead> <tbody> <tr> <td>G&T Security</td> <td>Security services</td> <td>1 year Expiring in 1 July 2009</td> <td>TTC does not have a copy of the contract which has been signed by G&T Security.</td> </tr> <tr> <td>Tickets Online</td> <td>Ticketing operations for Townsville Cup & Ladies Day</td> <td>One off contract for 2009</td> <td>TTC does not have a copy of the contract which has been signed by Tickets Online.</td> </tr> </tbody> </table>	Supplier	Goods/service provided	Contract term	Comments	G&T Security	Security services	1 year Expiring in 1 July 2009	TTC does not have a copy of the contract which has been signed by G&T Security.	Tickets Online	Ticketing operations for Townsville Cup & Ladies Day	One off contract for 2009	TTC does not have a copy of the contract which has been signed by Tickets Online.
Supplier	Goods/service provided	Contract term	Comments											
G&T Security	Security services	1 year Expiring in 1 July 2009	TTC does not have a copy of the contract which has been signed by G&T Security.											
Tickets Online	Ticketing operations for Townsville Cup & Ladies Day	One off contract for 2009	TTC does not have a copy of the contract which has been signed by Tickets Online.											

Area of Operation	Address (Yes/Part/No)	Observations			
		Jupiters Townsville	Sponsorship agreement	2 years Expiring in Winter Racing Carnival	Contract has been signed by both parties.
		UNiTAB Limited	On-course agency agreement	2 years Expiring 19 August 2011	Contract has been signed by both parties.
		Lion Nathan / Castlemaine Perkins	Exclusive bar stocks branding of Lion Nathan beers and sponsorship agreement	3 years Expiring in 30 June 2012	Contract is still in draft and is yet to be signed by both parties.
		Coca Cola Amatil	Supply of non alcoholic beverages	2 years Expiring in 1 July 2009	Contract has been signed by both parties.
		Amateurs	Amateurs Race Day Club Operations	3 years 2006 to 2008 race days 2009 to 2011 race days	Amateurs paid rental fees to TTC for the two race meetings, receiving entitlement to tote incentive payments, bookmaker fees and gate takings. TTC is entitled to bar profits and remains responsible for a number of areas including tote staffing. TTC does not have a signed copy of the 2006 to 2008 contract.
		Garrard's Horse & Hound	Contract for horse racing site sponsorship	N/A	No contractual agreement. Garrard's Horse & Hound was invoiced by TTC, which lists the items including site rental and sponsorship & signage.
		J.J. Richards & Sons / Reg Waste	Waste services	3 years Expiring in 24 May 2012	Contract has been signed by both parties.
		Party Productions / Rentals	Event Management services	Ladies Day / Townsville Cup 2009 Race Days	Contract has been signed by both parties.
		<p>TTC does not have a written contract with the following:</p> <ul style="list-style-type: none"> • Evolution IT (for all IT service provisions to the club) • B-Catered (for exclusive catering arrangements at the club – refer below for more details) • Scoops and Hoops (oncourse catering service provider – refer below for more details) 			



Area of Operation	Address (Yes/Part/No)	Observations
		<p><u>Oncourse Catering Contract</u> - Oncourse catering for both race days and non-race days were outsourced to a contractor (Scoops and Hoops) since April 2009. The contractor operates at the club free of charge, in contra for providing the club with free jockey and committee catering expenses. However, this arrangement has not been documented in a signed contract.</p> <p>The club also engaged Roux Blond for catering services for the full committee meetings at \$40 per month. Full committee meeting catering was previously performed internally using petty cash and discussion with the CEO noted this practice will resume from the 2009 onwards.</p> <p><u>Functions Contract</u> - Function catering revenue is produced from a choice of three preferred suppliers for catering on non race day functions, each providing different style of dining to meet the function requirements. This included Michele's, Roux Blond and Golden Coast.</p> <p>Catering for functions was previously provided under the exclusive agreement with B-Catered. A new agreement with these three suppliers provides TTC with an agreement to earn 10% of revenue as commission. We noted that a draft contract agreement has been developed, to be agreed with the three preferred suppliers.</p> <p><u>Cost benefit analysis</u> - A decision was made not to run an internal catering function as the club does not hold race days regularly with a large number of races held in a week. A cost-benefit analysis was performed informally through the Functions Committee and the President. No formal cost-benefit analysis was undertaken to compare the provision of services in-house or outsourcing.</p> <p><u>Supplier Payment</u> - The following is the breakdown of accounts payable, totalling \$77,512.32, as at 17 June 2009:</p> <ul style="list-style-type: none"> • 1 month outstanding: \$ 8,441.12 (10.89%) • 2 months outstanding: \$ 27,401.78 (35.35%) • 3 months outstanding: \$ 27,548.08 (35.54%) • More than 3 months outstanding: \$ 14,121.33 (18.22%) <p>TTC should ensure suppliers are paid in a timely manner to take advantage of early payment discounts and avoid incurring late fees and penalties. Refer Appendix G for the listing of all creditors and suppliers to TTC in the 2008/09 financial year.</p>



2.2 Ratio Analysis – Financial Health

The method used for determining the club's ratings is as follows:

- **-1** - if the club is 25% or more below the healthy ratio
- **1** - if the club is between 25% below and 25% above the healthy ratio
- **+1** - if the club is 25% above the healthy ratio.

Example: If your debt to assets ratio is 1 to 2 you would rate yourself as **-1**, because the debt to assets ratio is more than 25% below the healthy ratio.

Current Ratio Current assets Current liabilities	2 to 1	<u>Current Assets</u> Current Liabilities	<u>575,643</u> 341,722 1.684 to 1	<u>735,661</u> 469,073 1.568 to 1	TTC's current ratio is below the healthy liquidity ratio for both 2007 & 2008. In 2008 the club's ability to repay its current debts improved due to a 27.15% fall in current liabilities. This is primarily due to a 94% fall in 'Amounts received in advance'. The fall in current liabilities was slightly offset by a 21.75% fall in current assets, which was primarily due to a fall of 51.7% in trade receivables from \$147,129 in 2007 to \$71,063 in 2008.
Debt Ratio Debt Current assets	1 to 4	Borrowings (current and non-current) Current Assets	<u>31,019+41,879</u> 575,643 12.66%	<u>29,943+72,898</u> 735,661 13.98%	TTC ratio is below what is stated as the healthy ratio meaning the majority of its current assets are funded via equity rather than debt.
Cash Ratio Cash Current liabilities	3 to 1	<u>Cash</u> Current Liabilities	<u>345,684</u> 341,722 1.011 to 1	<u>501,503</u> 469,073 1.069 to 1	Cash ratio examines the club's ability to quickly pay-off its current liabilities without considering inventory and receivables. TTC cash ratio is below the healthy ratio and has decreased in 2008 due to a fall in the amount of cash held. This fall has been slightly lessened by a fall in current liabilities.
Working Capital Current assets – Current liabilities		Current Assets - Current Liabilities Total	575,643 - 341,722 233,921	735,611 - 469,073 266,538	TTC has a working capital surplus in that its current assets are greater than its current liabilities. Its surplus has reduced in 2008 due to the decrease in trade receivables by approximately half.
Stock to Working Capital Stock (CA – CL)	2 to 1	<u>Stock</u> Working Capital Total	<u>104,212</u> 233,921 0.4455 to 1	<u>30,121</u> 266,538 0.1130 to 1	This measure has changed significantly from 2007 to 2008 due to the increase in inventory on-hand at the end of 2008. Inventory has increased more than three times the level held in 2007.

2.3 Sample Transaction Testing

As part of the agreed scope, the appropriateness, in terms of classification and size, of various transactions was assessed. The table below indicates the general ledger accounts observed and the assessment of the appropriateness or otherwise of the transactions comprising the general ledger accounts:

<p>A sample of transactions was examined for the accounts listed below, with a view to assessing whether any transactions or amounts were unusual. Specific accounts investigated include:</p> <ul style="list-style-type: none"> • Repairs and Maintenance • Legal/Consulting fees • Advertising/Promotion • Race day catering • Other/Sundry/Misc Expenses (admin and race meets) • Sponsorship • Suspense accounts. 	No	Repairs and Maintenance: No unusual transactions noted
	No	Legal/Consulting fees: No unusual transactions noted
	No	Advertising/Promotion: No unusual transactions noted
	No	Race day catering: No unusual transactions noted.
	No	Other/Sundry/Misc Expenses (admin and race meets): No unusual transactions noted
	No	Sponsorship: No unusual transactions noted
No	Suspense accounts: No unusual transactions noted	

Appendix A – Sponsorship Register 2007/08

Sponsor	Cash Equivalent	Description	Start Date	End Date	Contract Length	Function/Hospitality	Signage	Advertising
T.C.C	\$ 3,700	Trophy \$500, Framed Photo \$100	28/07/2008	28/07/2007	1 race day	No	Yes	Yes
Heatley Family	\$ 1,500	Trophy \$500, Framed Photo \$100	20/07/2007	20/07/2007	1 race day	No	No	No
Pat Molloy Jewellers	\$ 1,100	Framed Photo	14/07/2007	14/07/2007	1 race day	No	Yes	No
Townsville Vet Clinic	\$ 1,100	Framed Photo	14/07/2007	14/07/2007	1 race day	No	Yes	No
Hills in Holwood	\$ 2,500	Trophy \$500, Framed Photo \$100	14/07/2007	14/07/2007	1 race day	No	Yes	Yes
Lamont Constructions	\$ 7,700	Trophy \$900, Framed Photo \$100	14/07/2007	14/07/2007	1 race day	No	Yes	Yes
McDonald's Townsville	\$ 2,500	Trophy \$500, Framed Photo \$100	28/07/2007	28/07/2007	1 race day	No	Yes	Yes
Townsville Bulletin	\$ 3,300	In addition to cash equivalent a contra contract valued at \$5000. Trophy \$500, Framed Photo \$100	28/07/2007	28/07/2007	1 race day	Yes	Yes	Yes
Castlemaine Perkins	\$ 55,000	Sponsorship includes exclusive rights to beer supply. Trophy \$1000, Framed Photo \$100	1/07/2006	30/06/2007	1 year	Yes	Yes	Yes
Wilson Ryan & Grose	\$ 4,500	Trophy \$500, Framed Photo \$100	28/07/2007	28/07/2007	1 race day	Yes	Yes	Yes
Offermans PPB	\$ 4,500	Trophy \$500, Framed Photo \$100	28/07/2007	28/07/2007	1 race day	Yes	Yes	Yes
Jupiters Townsville	\$ 66,000	Trophy \$2500, Framed Photo \$100	28/07/2007	28/07/2007	1 race day	Yes	Yes	Yes
Provet	\$ 2,200	Framed Photo \$100	9/11/2007	9/11/2007	1 race day	Yes	Yes	No
Trailer Sales NQ	\$ 1,650	Framed Photo \$100	19/10/2007	19/10/2007	1 race day	Yes	Yes	No
Skal Club	\$ 2,200	Framed Photo \$100	8/12/2007	8/12/2007	1 race day	Yes	Yes	No
Master Builders	\$ 3,300	Framed Photo \$100	9/02/2008	9/02/2008	1 race day	Yes	Yes	Yes
TPI Townsville	\$ 2,200	Framed Photo \$100	5/06/2008	5/06/2008	1 race day	Yes	Yes	No
Parry Nissan	\$ 31,500	Trophy \$1500, Framed Photo \$200	9/06/2008	9/06/2008	1 race day	Yes	Yes	Yes
Wanless Wastecorp	-	Includes a contra contract value of \$7,500. Trophy \$500, Framed Photo \$100	1/07/2007	30/06/2008	1 race day	No	Yes	No
Total	\$ 196,450							

31/03/2008	✓	✗	✗	✓	✓	✗	✓	✓	✓	✗			CEO presented a new proposed management and staff structure. Include the addition of a Bar Manager who would provide assistance in Functions role. Also included the diversifying of the Operations Manager role with the aim to diversify and improve workforce. Restructure of pay rates would be discussed at next Finance Meeting. Finance figures for February were not available. They would be updated and advised at the next meeting.
30/04/2008	✓	✗	✗	✓	✓	✓	✓	✗	✗	✗			Budget & Staff Structure Wage Review. CEO detailed planned restructure of club's staff including the addition of roles and responsibilities. Major changes to track and grounds staff. Annual wage increased only by a small percentage. Key staff allocated to specific roles. CEO advised of commencement of a new Racecourse Ranger/Supervisor and the appointment of a fulltime sand track operator and labourer.
28/05/2008	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗			CEO advised of progression of restructure including the work of the Course Curator and Racecourse Ranger/Supervisor. And the allocation of the Facilities Manager role and assistant for grounds upkeep over Carnival. Committee were advised that the club has received over \$10,000 in fines stemming from last year's Townsville Cup. CEO consulted Pro Liquor Solutions who suggested the club accept the fines and pay them off over an extended period otherwise the club may incur further expenses for solicitors. Also Liquor Licensing may seek to go for full penalty rates if fines were fought. Committee planned to payoff fines at around \$500 per month.
25/06/2008	✓	✓	✗	✓	✓	✓	✗	✓	✓	✗			President advised committee of resignation of a committee member who had been a member since 2004. Unanimous election of a new member filling vacant position. CEO received letter of resignation from Finance Manager who had been off on sick leave. Resignation accepted with new candidate to be place in position on a trial basis.
30/07/2008	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓			Candidate for Finance Manager accepted on a full-time basis. Salary approved at approximately \$43,500. Marketing Manager had not been performing to club standard; CEO reported difficulty working with the specific manager. Reportedly the manager had resigned previously on a number of occasions. The Committee agreed to accept previous resignations.
27/08/2008	✓	✓	✓	✓	✓	✗	✓	✗	✗	✓			CEO informed committee of Marketing Manager's official resignation.
24/09/2008	✓	✓	✗	✗	✗	✓	✓	✗	✓	✓			Advertisement for Marketing Manager position renamed to Sales and Sponsorship Coordinator. Applications would be reviewed. President advised committee that July Carnival figures were being completed. New Finance Manager still in the process of adapting to position and has been having difficulties with office tills reconciliations. President advised CEO needs to improve overall time management and effectiveness in the office to run more efficiently and avoid delays. All new staff should now have a reasonable grasp on their roles. President advised CEO that he would be working closely with him over the next few months on work flow charts and setting better deadlines and office procedures.
25/09/2008	✓	✓	✗	✗	✗	✓	✓	✗	✓	✓			As returning officer, the Secretary reported that an election had not been required this year. Committee members retire by rotation. No other nominations therefore retired members automatically re-elected unopposed. Committee member retired after 17 years of service. New member elected to the position. The President, Vice President and Treasurer had been re-elected unopposed.
*29/10/2008	✓	✓	✓	✓	✓	✗	✓	✓		✓	✓		Sub Committee Allocations and Programming Meeting: WORKS:- Kevin O'Keefe (Chairman), J.Rowlands, A.Parry, D Di Bella, J Davis PROMOTIONS:- Johanne Ramsay (Chair), J. Parry, A.Parry, R.Donovan, J.Collins FINANCE:- Daryn Mitchell (Chairman), A.Parry, J.Parry PROGRAMMING:- Dino Di Bella (Chairman), K.O'Keefe, A.Parry, J.Parry, J.Davis
26/11/2008	✓	✓	✓	✓	✓	✗	✓	✗		✓	✓		
1/12/2008													No meetings usually held in December. Usually combine with November or January.
28/01/2009	✓	✓	✓	✗	✓	✓	✓	✓		✓	✗		CEO advised Committee that QRL were seeking an updated 5 year Business Plan, Asset Management and Risk Management Plan from the club for compliance. All other compliance requirements have been submitted. CEO is formulating an Asset and Risk Management Plans, but committee to assist with completion of 5 year Business Plan. President, CEO and Treasurer to discuss further.
25/02/2009	✓	✓	✗	✓	✓	✗	✓	✓		✗	✓		CEO met with potential candidate for Marketing and Public Relations position. Plan for part-time position 15 hours per week up until carnival and minimum of 5 hours after until early next year at approximately \$50 per hour. Interview still to take place.
25/03/2009	✓	✓	✓	✗	✓	✓	✓	✓		✓	✓		CEO presented a report on strategic management and operational plan for the club going forward. Plan included a review of all staff position descriptions and accountability as well as enhancing management action plans and reporting. CEO advised committee that he was still working through Business, Asset and Risk Management Plans for QRL. CEO obtained examples from QTC and Rockhampton. CEO suggested that the club look to obtaining professional assistance to finalise and prepare documents. Quote received from WHK was \$5,000-\$10,000 to assist completion. Committee advised to forward as much information completed in house as possible and await feedback from QRL before engaging professional assistance.
29/04/2009	✓	✓	✗	✗	✗	✗	✓	✗		✓	✓		

Appendix B – Analysis of Committee Meeting Attendances

Committee members are required to sign their attendance to Committee meetings that are held monthly. The attendance records and summarised issues raised at the Committee meetings are provided below.

Legend		Comments
✓	Attendance	
✗	Absent	Elections
	Not on committee	Staff changes
M	Subcommittee member	Other

Committee Positions			
A. Parry	President	D. Di Bella	Committee Member
J. Rowland	Vice President	R. Donovan	Committee Member
D. Mitchell	Treasurer	R. O'Neill	Committee Member
K. O'Keefe	Works Chairman	D. Steinhardt	Committee Member
J. Ramsey	Promotions Chairman	J. Collins	Committee Member
J. Parry	Committee Member	J. Davis	Committee Member

Subcommittee	A. Parry	J. Rowlands	D. Mitchell	K. O'Keefe	J. Ramsey	J. Parry	D. Di Bella	R. Donovan	R. O'Neill	D. Steinhardt	J. Collins	J. Davis
Finance	M		M			M			M			
Promotions	M				M	M		M		M	M	
Works	M	M		M			M					M

	A. Parry	J. Rowlands	D. Mitchell	K. O'Keefe	J. Ramsey	J. Parry	D. Di Bella	R. Donovan	R. O'Neill	D. Steinhardt	J. Collins	J. Davis	Comments
1/12/2007													No meetings usually held in December. Usually combine with November or January.
24/01/2007	✓	✓	✓	✓	✗	✓	✓	✓	✓	✗			
28/02/2007	✓	✓	✗	✓	✓	✗	✓	✓	✓	✗			Marketing/Functions Co-ordinator away on maternity leave. Require temporary replacement with event management experience. Cheque for \$55,000 received from Minister for Local Government Planning and Sport for the annual Training Track Subsidy Scheme for 2006/07.
28/03/2007	✓	✓	✓	✓	✓	✗	✓	✓	✗	✓			Committee agree with hiring temporary event management employee to begin work with current Marketing/Functions Co-ordinator prior to absence.
2/05/2007	✓	✗	✗	✓	✓	✗	✓	✗	✓	✓			Bookkeeper position vacant due to previous employee resigning to pursue further study and career aspirations. Vacant position to be advertised. Bookkeeping position filled, President advised committee of selection and employee background.
30/05/2007	✓	✓	✓	✓	✗	✓	✓	✗	✓	✗			Club received letter in reply from QRL regarding Administration Subsidy. QRL requested compliance documents including Business & Strategic Plans, Asset Management Plan, Risk Management Plan and sponsorship details prior to any adjustment in the subsidy.
27/06/2007	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗			QRL letter received detailing requirements for all clubs to be compliant by producing Business Plans, Asset Management Plans, Risk Management Plans and a Sponsorship Register. President and Treasurer requested QRL provide assistance with documents requested to meet QRL required format.
1/08/2007	✓	✓	✓	✓	✓	✓	✓	✗	✓	✗			
29/08/2007	✓	✓	✗	✗	✗	✗	✓	✓	✓	✗			CEO advised date for AGM 25/09 would coincide with scheduled race date. No additional nominations for the Committee had been received. Three retiring Committee members including President had all been renominated. Executives also remain unchanged.
25/09/2007	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓			Could not locate Annual General Meeting minutes.
26/09/2007	✓	✗	✗	✓	✓	✓	✓	✓	✗	✓			Marketing / Functions Co-ordinator who was previously on maternity leave requested additional leave until March 2008. In club's interest in hiring a Marketing employee and removing that responsibility from Marketing/Functions Manager upon return from leave. CEO indicated that this would be discussed with manager.
31/10/2007	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓			Finance Committee conducted a wage review for all full-time staff. All staff received at least the federal government minimum wage increase. Marketing / Functions Co-ordinator agreed to reduce role to Functions Co-ordinator on a casual basis. Committee looking to appoint a full-time Marketing Co-ordinator.
5/12/2007	✓	✗	✓	✓	✓	✗	✓	✓	✓	✗			Committee agreed that the club needed to fill the Marketing position. A position description would be developed with title of Marketing & Sponsorship coordinator put in place. Functions Co-ordinator now working no more than 2 days a week.
19/12/2007	✓	✓	✓	✓	✗	✓	✓	✓	✓	✗			
30/01/2008	✓	✓	✗	✗	✗	✗	✓	✓	✓	✗			New position description for Marketing & Sponsorship Co-ordinator had been completed and ready to advertise position in the coming week.
27/02/2008	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗			Selected candidate for Marketing & Sponsorship Manager. Letter from QRL regarding allocation of EI Grants. TTC allocated \$85,000 which is required to be used for "The retention of industry skills and training". Letter also contained an Assistance Fund Declaration which must be completed and returned by 31 July 2008.

Appendix C – Analysis of Gate Takings & Attendance Numbers

The table below provides a summary of gate ticket sales against gate attendance numbers in the 2007/08 and 2008/09 financial years to date. Based on the attendance numbers, we have recalculated the Expected Takings from the gates in each race day, by multiplying the attendance numbers against the relevant gate ticket prices. We noted a number of races with complimentary tickets. Free entry to the club is provided on race days during week days and race days during the Equine Influenza (EI) downtime.

We noted three instances of significant variances which were not detected and investigated by the club. The reconciliation below has addressed those issues, with one significant variance remaining, for the 14 May 2009 race day with a \$126 negative variance.

Race-day	Attendance Totals						Cash Received	Analysis		Price Sold	
	Public	Concession	Members	Function	Comp. Total *	Total ^	Total Sales	Expected	Variance	Public	Concession
Saturday, 30 June 2007	172	43	181	232	247	875	\$ 1,161.00	\$ 1,161.00	\$ -	\$ 6.00	\$ 3.00
Tuesday, 10 July 2007	57	27	47	0	224	355	\$ 423.00	\$ 423.00	\$ -	\$ 6.00	\$ 3.00
Saturday, 14 July 2007	1538	117	264	1666	266	3851	\$ 23,655.00	\$ 23,655.00	\$ -	\$ 15.00	\$ 5.00
Friday, 20 July 2007	71	32	63	0	214	380	\$ 522.00	\$ 522.00	\$ -	\$ 6.00	\$ 3.00
Thursday, 26 July 2007	158	57	166	0	237	618	\$ 1,143.00	\$ 1,119.00	\$ 24.00	\$ 6.00	\$ 3.00
Saturday, 28 July 2007	Gate Reconciliation Sheet Not Available										
Thursday, 9 August 2007	36	10	55	0	219	320	\$ 246.00	\$ 246.00	\$ -	\$ 6.00	\$ 3.00
Thursday, 16 August 2007	23	16	39	0	180	258	\$ 186.00	\$ 186.00	\$ -	\$ 6.00	\$ 3.00
Friday, 24 August 2007	Gate Reconciliation Sheet Not Available										
Wednesday, 25 July 2007	Gate Reconciliation Sheet Not Available										
Thursday, 13 September 2007	0	0	11	0	156	167	\$ -	\$ -	\$ -	Free Day due to EI	
Monday, 24 September 2007	40	10	46	47	135	278	\$ 269.00	\$ 270.00	\$ -1.00	\$ 6.00	\$ 3.00
Tuesday, 2 October 2007	47	6	47	0	137	237	\$ 300.00	\$ 300.00	\$ -	\$ 6.00	\$ 3.00
Saturday, 13 October 2007	283	51	136	162	306	938	\$ 3,085.00	\$ 3,085.00	\$ -	\$ 10.00	\$ 5.00
Monday, 22 October 2007	40	15	44	0	159	258	\$ 288.00	\$ 285.00	\$ 3.00	\$ 6.00	\$ 3.00
Wednesday, 31 October 2007	46	16	54	0	186	302	\$ 323.00	\$ 324.00	\$ -1.00	\$ 6.00	\$ 3.00
Tuesday, 6 November 2007	Equine Influenza										
Saturday, 10 November 2007	129	26	119	81	214	569	\$ 841.50	\$ 852.00	\$ -10.50	\$ 6.00	\$ 3.00
Saturday, 17 November 2007	177	28	125	241	231	802	\$ 1,146.00	\$ 1,146.00	\$ -	\$ 6.00	\$ 3.00
Monday, 26 November 2007	45	12	56	0	209	322	\$ 306.00	\$ 306.00	\$ -	\$ 6.00	\$ 3.00

Race-day	Attendance Totals						Cash Received	Analysis		Price Sold	
	Public	Concession	Members	Function	Comp. Total *	Total ^	Total Sales	Expected	Variance	Public	Concession
Saturday, 8 December 2007	72	21	106	204	182	585	\$ 495.00	\$ 495.00	\$ -	\$ 6.00	\$ 3.00
Wednesday, 19 December 2007	62	14	51	0	215	342	\$ 414.00	\$ 414.00	\$ -	\$ 6.00	\$ 3.00
Monday, 31 December 2007	145	25	81	0	196	447	\$ 943.00	\$ 945.00	-\$ 2.00	\$ 6.00	\$ 3.00
Thursday, 10 January 2008	62	22	56	0	172	312	\$ 438.00	\$ 438.00	\$ -	\$ 6.00	\$ 3.00
Thursday, 17 January 2008	Gate Reconciliation Sheet Not Available										
Thursday, 24 January 2008	36	13	52	0	159	260	\$ 255.00	\$ 255.00	\$ -	\$ 6.00	\$ 3.00
Friday, 1 February 2008	Gate Reconciliation Sheet Not Available										
Saturday, 9 February 2008	116	14	97	103	170	500	\$ 738.00	\$ 738.00	\$ -	\$ 6.00	\$ 3.00
Friday, 15 February 2008	Gate Reconciliation Sheet Not Available										
Tuesday, 26 February 2008	Gate Reconciliation Sheet Not Available										
Tuesday, 4 March 2008	32	9	43	0	197	281	\$ 219.00	\$ 219.00	\$ -	\$ 6.00	\$ 3.00
Thursday, 13 March 2008	31	13	41	0	176	261	\$ 225.00	\$ 25.00	\$ -	\$ 6.00	\$ 3.00
Saturday, 22 March 2008	111	25	55	0	129	320	\$ 741.00	\$ 741.00	\$ -	\$ 6.00	\$ 3.00
Thursday, 27 March 2008	27	6	47	0	176	256	\$ 180.00	\$ 180.00	\$ -	\$ 6.00	\$ 3.00
Tuesday, 8 April 2008	49	9	28	0	160	246	\$ 341.00	\$ 321.00	\$ 20.00	\$ 6.00	\$ 3.00
Tuesday, 15 April 2008	42	7	33	0	170	252	\$ 273.00	\$ 273.00	\$ -	\$ 6.00	\$ 3.00
Tuesday, 22 April 2008	Gate Reconciliation Sheet Not Available										
Tuesday, 29 April 2008	44	6	40	39	163	292	\$ 279.00	\$ 282.00	-\$ 3.00	\$ 6.00	\$ 3.00
Thursday, 8 May 2008	Gate Reconciliation Sheet Not Available										
Tuesday, 13 May 2008	Gate Reconciliation Sheet Not Available										
Tuesday, 20 May 2008	Gate Reconciliation Sheet Not Available										
Thursday, 29 May 2008	Gate Reconciliation Sheet Not Available										
Thursday, 5 June 2008	23	22	56	72	212	385	\$ 204.00	\$ 204.00	\$ -	\$ 6.00	\$ 3.00
Monday, 9 June 2008	559	136	273	219	623	1810	\$ 6,274.00	\$ 6,270.00	\$ 4.00	\$ 10.00	\$ 5.00
Tuesday, 17 June 2008	30	12	56	0	159	257	\$ 216.00	\$ 216.00	\$ -	\$ 6.00	\$ 3.00
Tuesday, 24 June 2008	38	16	60	0	161	275	\$ 276.00	\$ 276.00	\$ -	\$ 6.00	\$ 3.00
Thursday, 3 July 2008	73	28	57	0	167	325	\$ 528.00	\$ 522.00	\$ 6.00	\$ 6.00	\$ 3.00
Tuesday, 15 July 2008	50	15	63	0	183	311	\$ 345.00	\$ 345.00	\$ -	\$ 6.00	\$ 3.00
Thursday, 24 July 2008	Gate Reconciliation Sheet Not Available										
Saturday, 26 July 2008	Tickets Online handled ticketing and gate admission.										
Monday, 28 July 2008	43	17	62	0	86	208	\$ 311.00	\$ 309.00	\$ 2.00	\$ 6.00	\$ 3.00
Tuesday, 5 August 2008	38	13	50	0	175	276	\$ 267.00	\$ 267.00	\$ -	\$ 6.00	\$ 3.00
Thursday, 14 August 2008	68	17	50	0	225	360	\$ 459.00	\$ 459.00	\$ -	\$ 6.00	\$ 3.00

Race-day	Attendance Totals						Cash Received	Analysis		Price Sold	
	Public	Concession	Members	Function	Comp. Total *	Total ^	Total Sales	Expected	Variance	Public	Concession
Friday, 5 September 2008	21	6	45	30	208	310	\$ 144.00	\$ 144.00	\$ -	\$ 6.00	\$ 3.00
Tuesday, 16 September 2008	27	24	36	0	239	326	\$ 234.00	\$ 234.00	\$ -	\$ 6.00	\$ 3.00
Thursday, 25 September 2008	47	16	59	0	239	361	\$ 329.00	\$ 330.00	-\$ 1.00	\$ 6.00	\$ 3.00
Tuesday, 7 October 2008	33	10	55	0	84	182	\$ 231.00	\$ 228.00	\$ 3.00	\$ 6.00	\$ 3.00
Friday, 17 October 2008	72	16	70	65	243	466	\$ 482.00	\$ 480.00	\$ 2.00	\$ 6.00	\$ 3.00
Saturday, 25 October 2008	157	16	101	342	166	782	\$ 990.00	\$ 990.00	\$ -	\$ 6.00	\$ 3.00
Tuesday, 4 November 2008	763	81	320	676	167	2007	\$ 11,840.00	\$ 11,850.00	-\$ 10.00	\$ 15.00	\$ 5.00
Friday, 7 November 2008	25	9	62	282	165	543	\$ 168.00	\$ 177.00	-\$ 9.00	\$ 6.00	\$ 3.00
Tuesday, 18 November 2008	32	11	47	0	163	253	\$ 225.00	\$ 225.00	\$ -	\$ 6.00	\$ 3.00
Tuesday, 2 December 2008	21	1	42	0	179	243	\$ 153.00	\$ 129.00	\$ 24.00	\$ 6.00	\$ 3.00
Saturday, 13 December 2008	119	19	114	251	187	690	\$ 768.00	\$ 771.00	-\$ 3.00	\$ 6.00	\$ 3.00
Wednesday, 24 December 2008	154	0	57	0	253	464	\$ 309.10	\$ 308.00	\$ 1.10	\$ 2.00	\$ 2.00
Thursday, 8 January 2009	72	11	56	0	184	323	\$ 465.00	\$ 465.00	\$ -	\$ 6.00	\$ 3.00
Thursday, 22 January 2009	36	13	45	0	124	218	\$ 270.00	\$ 255.00	\$ 15.00	\$ 6.00	\$ 3.00
Thursday, 5 February 2009	Flooded - racing cancelled										
Saturday, 14 February 2009	Flooded - racing cancelled										
Thursday, 26 February 2009	Flooded - racing cancelled										
Tuesday, 10 March 2009	13	7	25	60	133	238	\$ 99.00	\$ 99.00	\$ -	\$ 6.00	\$ 3.00
Monday, 23 March 2009	26	12	39	60	151	288	\$ 171.00	\$ 192.00	-\$ 21.00	\$ 6.00	\$ 3.00
Monday, 2 March 2009	19	9	29	0	186	243	\$ 132.00	\$ 141.00	-\$ 9.00	\$ 6.00	\$ 3.00
Thursday, 2 April 2009	22	13	48	0	107	190	\$ 177.00	\$ 171.00	\$ 6.00	\$ 6.00	\$ 3.00
Saturday, 11 April 2009	124	19	62	0	96	301	\$ 809.00	\$ 801.00	\$ 8.00	\$ 6.00	\$ 3.00
Thursday, 23 April 2009	21	48	49	0	153	271	\$ 258.00	\$ 270.00	-\$ 12.00	\$ 6.00	\$ 3.00
Tuesday, 5 May 2009	20	10	47	0	123	200	\$ 200.00	\$ 150.00	\$ 50.00	\$ 6.00	\$ 3.00
Thursday, 14 May 2009	36	63	47	220	145	511	\$ 279.00	\$ 405.00	-\$ 126.00	\$ 6.00	\$ 3.00
Tuesday, 26 May 2009	45	19	65	0	175	304	\$ 327.00	\$ 327.00	\$ -	\$ 6.00	\$ 3.00
Saturday, 6 June 2009	106	19	74	128	146	473	\$ 693.00	\$ 693.00	\$ -	\$ 6.00	\$ 3.00
Monday, 8 June 2009	722	131	336	346	319	1854	\$ 7,865.00	\$ 7,875.00	-\$ 10.00	\$ 10.00	\$ 5.00
						Average	\$ 11,010.00		-\$ 10.36		

* Complimentary Total: Combination of Complimentary Tickets, Trainers Car-park, Owners Sheet, Bookies Car-park

^ Children were not included in the total figure for attendance

Appendix D – 100 Club Sponsors

The 2009/10 financial year is the first year the 100 Club program has been implemented. The club has only been able to procure 60 organisations to act as sponsors. Sponsors are invoiced only after the club has received a signed 100 Club agreement. As at April 2009 the list of paid and outstanding sponsors is as follows:

No.	Company	Status	No.	Company	Status
1	Aon Risk Services	Not Paid	31	Macquarie Southern Cross Media	Paid
2	Ardent Office Supplies	Paid	32	Macs Amusements	Not Paid
3	Audi Centre Townsville	Paid	33	Magnetic Island Shopping Centre	Paid
4	Boultan Cleary & Kern Lawyers	Paid	34	Mak Advertising	Not Paid
5	Build 'n' Kits	Not Paid	35	Mitchell Partners Consulting	Not Paid
6	Café Bambini	Paid	36	Mix Electrical	Not Paid
7	Castlemaine Perkins	Contra	37	Mortgage Choice	Not Paid
8	Cheryl's Boutique	Paid	38	Northward Realty	Paid
9	Cleavland Glass	Paid	39	Nq Town & Country Used Cars	Paid
10	Coca Cola Amatil	Contra	40	Parry Nissan	Paid
11	Colliers International	Paid	41	Playmate Daycare & Kindergarten	Paid
12	Commonwealth Hotel	Paid	42	Pro Liquor Solutions	Paid
13	Cronulla Cabins	Paid	43	Ramlock Properties	Paid
14	DCM Electrical	Not Paid	44	Ross Donovan Investments	Paid
15	Digi Men	Contra	45	Roux Blond	Not Paid
16	Dillon Architects	Paid	46	Rowlands Surveys	Paid
17	Doug Edes Marquee & Party Hire	Paid	47	Ruddy Tomlins & Baxter Solicitors	Not Paid
18	Evolution IT	Paid	48	Scoops Fish Bar	Not Paid
19	Far North Wholesalers	Paid	49	Smile Dental	Paid
20	Flinstone Landscape Land	Paid	50	SV Steel Supplies	Paid
21	G & T Security	Paid	51	The Watermark Townsville	Not Paid
22	Gedoun Constructions	Paid	52	Tonkin Steel	Not Paid
23	Hastings Printers	Paid	53	Townsville Apartments	Paid
24	Hobson Group	Paid	54	Townsville Engineering	Not Paid
25	Howards Storage World	Paid	55	Townsville RSL	Not Paid
26	John Bradley Retravisoin	Paid	56	Townsville Sun Bus	Not Paid
27	Jupiters	Not Paid	57	Tropical Ice	Not Paid
28	Kerbways Pty Ltd	Paid	58	Verve Design	Not Paid
29	Kordamentha	Paid	59	Wanless Enviro Services	Not Paid
30	Maccas Synthetic Grasses	Paid	60	Wolter Rowlands Town Planning	Not Paid

Appendix E – Analysis of Mobile Phone Expenses

The club provides mobile phones to selected employees. The services used by these employees are combined in the club's total phone expenses. TTC has shared cap arrangements with 3 Mobile, providing free calls between staff mobile phones and a shared call usage limit of up to \$3,500. TTC's combined expenses per month for mobile phones between are as follows:

	Chief Executive Officer	Racecourse Ranger/ Supervisor	Promotions/ Bar Shared Phone
Phone No.	0403 378 084	0414 898 903	0437 782 400
Plan	3G Cap 99 Mobile	3G Cap 49 Business Mobile	3G Cap 79
Details	\$550 Standard Cap + \$150 Telstra Mobile Bonus	\$200 Standard Cap + \$50 Telstra Mobile Bonus	\$450 Standard Cap + \$100 Telstra Mobile Bonus

Date	Chief Executive Officer	Racecourse Ranger/ Supervisor	Promotions/ Bar Shared Phone	Total	Comments
July 2008	840.76	78.52	105.80	\$ 1,025.08	
August 2008	784.04 ¹	79.29	104.51	\$ 982.84	\$15 late fee
September 2008	209.07	79.29	123.06	\$ 426.41	\$15 late fee
October 2008	105.80	79.08	97.87	\$ 297.75	\$15 late fee
November 2008	286.04 ²	81.05	98.53	\$ 465.62	
December 2008	420.10	146.29	98.53	\$ 679.92	\$15 late fee
January 2009	115.24	78.52	98.53	\$ 307.29	\$15 late fee
February 2009	250.58	78.77	98.53	\$ 427.88	
March 2009	148.67	78.52	98.53	\$ 325.71	
April 2009	243.56	78.52	98.53	\$ 435.61	\$15 late fee
Average expense per month	\$ 340.39	\$ 85.78	\$ 102.24	\$ 5374.12	\$90 total

Note:

- ¹ Call usage is \$945.68 inclusive of GST with \$550 standard cap + 150 mobile bonuses. All calls originated from local area.
- ² Call usage is \$1252.49 inclusive of GST. All calls originated from local area.

Appendix F – Analysis of Fuel Expenses

The club reimburses selected employees fuel expenses per month. The total reimbursement (\$) per month is detailed below:

Period Ending	M Charge \$	B Steindl \$	A Paton \$	Total \$
May-08	821.36 ¹	N/A	165.47	821.36
Jun-08	544.05	178.29	277.44	722.34
Jul-08	628.90	263.14	338.56	892.04*
Aug-08	346.42	476.62	N/A	823.04
Sep-08	418.79	176.84	N/A	595.63
Oct-08	249.15	623.72	N/A	872.87*
Nov-08	377.04	455.89	N/A	832.93
Dec-08	107.30	318.73	N/A	426.03
Jan-09	269.86	457.10	N/A	726.96
Feb-09	279.57	321.18	N/A	600.75
Mar-09	337.72	595.34	N/A	933.06
Apr-09	299.32	468.67	N/A	767.99 ²
Total	\$ 4,679.48	\$ 4,335.52	\$ 781.47	\$ 7,471.30
Average per month	\$682.71	\$178.29	\$260.49	\$751.25

Notes:

* Petrol price was near \$1.50 per litre

¹ Includes track vehicle fuel expenses

² Includes a \$15.00 late payment & a \$9.08 penalty interest

Appendix G – List of Creditors and Suppliers of TTC

The following table lists all creditors / suppliers of TTC including the year to date spend and number of transactions made to them in the 2008/09 financial year to date. Expense reimbursement payments made to TTC staff members during the year are also listed.

Supplier	YTD Spend	Freq
30/30 MAGAZINES PTY LTD	-\$ 550.00	1
AAC WRISTBANDS AUST. PTY LTD	-\$ 1,085.50	1
ABCC TOWING SERVICE	-\$ 1,100.00	6
ACE SCALE SERVICE	-\$ 5,633.00	7
ACVAL	-\$ 8,250.00	1
AGGREKO	-\$ 14,441.53	3
ALIANCE SOUND AND VISION	-\$ 1,024.00	3
ALM	-\$ 799.60	2
AL'S GASFITTING	-\$ 70.00	1
ALSCO PTY LTD	-\$ 236.81	4
AMALGAMATED PEST CONTROL	-\$ 1,504.00	3
AMBASSADOR TRAVEL SERVICES	-\$ 4,400.00	1
AMBULANCE	-\$ 23,744.89	29
ANALYTICAL SYSTEMS PTY LTD	-\$ 1,382.54	1
AON RISK SERVICES	-\$ 48,342.74	4
ARDENT OFFICE EQUIPMENT	-\$ 5,451.46	20
ARMAGUARD LINFOX	-\$ 211,354.68	5
ARTY PRODUCTION	-\$ 10,550.00	2
ASSOCIATED BUYERS	-\$ 3,729.00	2
ATO	-\$ 179,571.77	8
AUSTRALIA POST	-\$ 1,162.26	5
AUSTRALIA SUPER	-\$ 2,597.32	2
AUSTRALIAN CHEMICALS PTY LTD	-\$ 67.32	1
AUSTRALIAN CONTAINER & ENGINEERING SERVIC	-\$ 3,931.40	8
AUSTRALIAN LAUNDRIES	-\$ 6,215.28	13
AUSTRALIAN PRICES NETWORK	-\$ 14,775.00	12
AUSTRALIAN RACECOURSE MANAGERS ASSOC INC.	-\$ 495.00	2
AWESOME WATER	-\$ 845.00	1
BARRO GROUP	-\$ 545.96	1
BEARCOM - TECH RENTALS	-\$ 2,537.15	4
BET-BUSTERS	-\$ 1,743.50	11
BIZFURN EXPRESS	-\$ 553.00	1
BLACKWOOD AND SONS LTD	-\$ 547.15	4
BOC GASES	-\$ 1,581.91	10
BOLTMASTERS	-\$ 192.03	6
BRAIN COSTELLO	-\$ 152.05	1
BRANDEDITEMS PTY LIMITED	-\$ 2,354.00	2
BRIAN STEINDL REIMBURSTMENTS	-\$ 293.95	2
BRIDGESTONE AUSTRALIA	-\$ 1,775.90	6
BROOK GROUP	-\$ 10,903.20	9
BTE EVENTS PTY LTD	-\$ 19,516.73	3
BUNNINGS WAREHOUSE TOWNSVILLE	-\$ 1,484.19	9
BYTECRAFT ENTERTAINMENT	-\$ 18,315.00	1

Supplier	YTD Spend	Freq
CAN COOL	-\$ 260.00	1
CARPET COURT TOWNSVILLE	-\$ 1,188.00	1
CARTER, JEFF	-\$ 37,400.00	25
CHALLENGE PROPERTY	-\$ 2,431.00	1
CLEANIT INDUSTRIAL SERVICES	-\$ 418.00	1
CLUBS QUEENSLAND	-\$ 120.00	2
CLUDEN PARK MOTOR INN	-\$ 247.00	2
COAST & COUNTRY WHOLESALERS	-\$ 11,500.69	16
COATES HIRE	-\$ 4,827.97	5
COCA-COLA AMATIL (AUST) PTY LTD	-\$ 13,462.41	11
CONLONIAL FIRST STATE	-\$ 974.53	1
COLQUHOUN CONSTRUCTIONS PTY LTD	-\$ 990.00	1
COMMERCE QLD	-\$ 2,419.00	2
CROWN LIFT TRUCKS	-\$ 2,223.57	2
CUSTOMER MERCHANDISE	-\$ 695.20	1
D & L TRANSPORT	-\$ 7,920.00	1
D G HEARN	-\$ 750.00	1
DAISY MAISY FLOWERS	-\$ 3,304.00	6
DEACONS TRUST ACCOUNT	-\$ 2,000.00	1
DIGI MEN	-\$ 4,658.50	13
DIGITAL MADNESS PTY LTD	-\$ 5,790.00	6
DOLAN PAUL	-\$ 839.00	1
DONNA AHLERS	-\$ 300.00	1
DOOTOWN	-\$ 10.00	1
DOUG EDE'S MARQUEE & PARTY HIRE	-\$ 125,067.30	65
DOWNTOWN DIXIE-A DAJSKI	-\$ 900.00	1
DUO MAGAZINE	-\$ 1,320.00	1
EASTERN TREE SERVICE	-\$ 577.50	1
EDMONDS LANDSCAPING SUPPLIES	-\$ 5,539.00	6
ELDERS LIMITED	-\$ 10,732.60	18
ELECTRO TECHNOLOGIES NQ PTY LTD	-\$ 57,206.95	17
ELITE SPORTS PROPERTIES HOLDINGS	-\$ 5,115.00	1
ENDFIRE ENGINEERING PTY LTD	-\$ 1,470.90	13
ENERGY SYSTEM CONTROLS	-\$ 316.25	1
EQUINE HYDE FLOAT	-\$ 1,210.00	10
ERGON ENERGY	-\$ 41,707.75	25
ERRINGTON ELECTRICAL	-\$ 283.80	1
ESANDA FINANCE	-\$ 17,472.56	22
EVAN EVANS FLAGS & BANNERS	-\$ 229.90	1
EVAN EVANS PTY LTD	-\$ 3,998.50	6
EVOLUTION IT	-\$ 8,039.90	8
EXPANDA SIGN	-\$ 11,636.90	3

Supplier	YTD Spend	Freq
FARM SUPPLIES	-\$ 1,535.00	2
FARMSAFE QUEENSLAND LIMITED	-\$ 267.50	1
FENWICK SUPPLIERS PTY LTD	-\$ 372.35	1
FIELD, A	-\$ 6,300.00	9
FITZGERALD FUNERALS	-\$ 55.00	1
FORK N TRUCK	-\$ 2,066.63	6
FORKS 4 U	-\$ 2,871.33	2
FUJI XEROX	-\$ 1,125.90	2
G & T SECURITY PTY LTD	-\$ 51,055.22	9
GAME ON INTERNATIONAL	-\$ 1,100.00	1
GARRARDS HORSE & HOUND	-\$ 12,398.55	15
GILBERT GROUP	-\$ 198.00	1
GIRVAN ENGINEERING PTY LTD	-\$ 4,870.80	3
GOODSELL EARTHMOVING PTY LTD	-\$ 1,246.23	1
GROOVE	-\$ 3,200.00	3
HANSON CONSTRUCTION MATERIALS PTY LTD	-\$ 1,395.90	2
HARRY WAIGANA'S TREE SERVICE	-\$ 2,728.00	1
HASTINGS	-\$ 12,499.25	9
HEARN	-\$ 750.00	1
HESTA	-\$ 379.09	2
HILES HAULAGE PTY LTD	-\$ 5,091.61	2
HLW	-\$ 302,935.00	30
HONEYCOMBES SALES AND SERVICE - AYR	-\$ 2,263.62	4
ICE MEDIA PRODUCTION	-\$ 275.00	1
IDCBAND.COM.AU	-\$ 1,201.75	1
INDEPENDENT DIESEL SPARES	-\$ 1,809.83	3
INTEGRATED	-\$ 3,878.91	1
IPA PERSONNEL	-\$ 10,299.03	8
J. FOGARTY	-\$ 600.00	2
J.J RICHARDS & SONS PTY LTD	-\$ 1,600.70	6
JACOBSEN, R & E (PAPER VENDORS)	-\$ 308.40	3
JC SUNSHINE MAN	-\$ 220.00	1
JEFFREY O'DEA	-\$ 2,337.00	3
JMB AIRCONDITIONING & REFRIGERATION	-\$ 3,180.00	1
JONES, BRETT	-\$ 1,562.50	3
JUDGE BROS ELECTRICAL CONTRACTORS	-\$ 3,634.64	6
JUPITERS TOWNSVILLE	-\$ 11,830.00	13
JUST VACUUMS	-\$ 445.00	1
JVG SOUND LIGHTING & VISUAL P/L	-\$ 2,500.00	1
KOVEK SECURITY PTY LTD	-\$ 3,096.45	8
LEONARD, RUSSELL	-\$ 540.00	1
MACCAS SPORTS TURF CO	-\$ 6,050.00	1
MAC'S AMUSEMENT CO.	-\$ 10,550.00	4
MAK ADVERTISING	-\$ 7,903.50	4
MARILYN BARR	-\$ 3,000.00	1
McCAHILL'S EARTHMOVING & SUPPLIES PTY LT	-\$ 1,534.00	6
MELVILLE'S PIONEER FARM	-\$ 528.00	1
MENTOR	-\$ 2,649.47	2
MERCHANT CHARGES HANDYWAY MONTHL	-\$ 1,008.40	4
MICHEL'S CAFE & BAR	-\$ 3,500.00	1
MIKE MILLS PHOTOGRAPHER	-\$ 5,947.00	9
MINEHAN AGENCIES	-\$ 4,253.70	3

Supplier	YTD Spend	Freq
MITCHELL, PETER	-\$ 350.00	1
MOBILE TOILET & SHOWERS	-\$ 7,500.00	3
MONTE CARLO	-\$ 196.00	1
MORLEYS FUNERALS PTY LTD	-\$ 54.50	1
MOUSE'S SHOWER & TOILET HIRE	-\$ 19,822.00	1
MOVE N GROOVE AUSTRALIA	-\$ 4,045.85	3
MURRAYS BUS	-\$ 2,120.00	1
NAMES ON LOCATION	-\$ 794.64	2
NAVIGATOR SUPER SCHEME	-\$ 356.13	1
NEVERFAIL	-\$ 1,911.45	22
NIM PHOTO	-\$ 2,945.00	4
NO.1 AUSSIE HANGOUT	-\$ 3,300.00	2
NORTH QLD BATTERIES	-\$ 392.04	3
NORTH QLD ICE	-\$ 781.00	1
NORWICH SUPER	-\$ 2,753.65	2
NQ CARDBOARD & PLASTIC RECYCLING	-\$ 59.40	6
NQ NEWSPAPER CO	-\$ 29,819.48	7
NQ PRINT	-\$ 4,611.20	5
NQ RESOURCE RECOVERY PTY LTD	-\$ 732.17	4
NQ TOOL SUPPLIES	-\$ 359.28	2
NQ WHEELS & CASTORS	-\$ 717.99	6
NU-LITE GLASS & ALUMINIUM PTY LTD	-\$ 1,197.00	2
OFFICE OF LIQUOR GAMING & RACING	-\$ 250.00	1
OFFICE WORKS	-\$ 2,328.14	16
ON SITE RENTALS PTY LTD	-\$ 1,347.50	1
ORACLE STUDIO	-\$ 2,079.00	2
ORIGIN ENERGY	-\$ 1,113.55	6
OUT OF THE BLUE EVENTS	-\$ 2,815.00	1
PARRY NISSAN.	-\$ 411.80	1
PARTY BAGSNBOXES	-\$ 300.00	1
PAT MOLLOY JEWELLER	-\$ 14,915.00	6
PAUL COLEMAN PLUMBING	-\$ 3,489.75	5
PEN TO PAPER PTY LTD	-\$ 2,469.65	12
PLASTIC A PLENTY	-\$ 1,900.00	1
PLD PUMPS & IRRIGATION	-\$ 3,404.49	14
POOLE'S OF MUSIC	-\$ 330.00	1
PRECISION TAILORS TOWNSVILLE	-\$ 498.00	2
PREMIUM TIMBER & HARDWARE P/L	-\$ 999.86	1
PRIME RADIO (TOWNSVILLE) PTY LTD	-\$ 5,654.00	5
PRIME SUPER	-\$ 1,880.35	2
PROGRAMMED MAINTENANCE SERVICES LTD	-\$ 8,238.08	1
PROLIQUOR SOLUTIONS	-\$ 15,950.30	10
PROMO DIRECT	-\$ 570.00	1
PROTECTION PLUS SECURITY N.Q	-\$ 1,486.85	6
PURCELL TAYLOR LAWYERS	-\$ 4,000.00	1
QLD POLICE SERVICE	-\$ 11,096.60	1
QUEENSLAND GOVERNMENT - JUSTICE AND ATTOR	-\$ 40.00	1
QUEENSLAND TRANSPORT	-\$ 2,454.10	3
QUICKEN - RECKON	-\$ 829.00	1
R & D COLEMAN	-\$ 2,263.80	1
RAPIDSPIN VIDEO	-\$ 140.00	1
RED AUSTRALIA	-\$ 2,557.01	13

Supplier	YTD Spend	Freq
RED CEDARS INDOOR PLANT HIRE REFRIGERATION SERVICES TOWNSVILLE	-\$ 210.00	1
RELIANCE PETROLEUM	-\$ 8,045.93	19
REM CHRISTINE MYERS	-\$ 646.70	2
REM DONNA	-\$ 477.95	2
REM T NASH	-\$ 88.00	1
REM ANDREW	-\$ 1,383.84	3
REM MICHAEL	-\$ 5,898.63	10
REWARD DISTRIBUTION	-\$ 9,767.55	9
RHONDA JONES	-\$ 225.00	1
RHONDA'S FINAL TOUCH	-\$ 1,765.50	2
RISA (RACING VICTORIA)	-\$ 8,162.00	10
RISING SUN HONDA	-\$ 100.26	2
RISING SUN TYRES	-\$ 214.00	2
ROTARY CLUB OF TOWNSVILLE CENTRAL	-\$ 1,000.00	1
ROUX BLOND	-\$ 233,365.00	31
ROYALTY SPECIAL EVENTS	-\$ 10,027.27	2
RSD PLUMBING	-\$ 357.50	1
RUSWIN LOCKSMITHS	-\$ 428.35	4
RYAN, GARY	-\$ 6,435.00	9
RYLAND & SONS	-\$ 4,590.92	27
SATURDAY MORNING MAIL	-\$ 187.00	1
SENSIS - YELLOW PAGES	-\$ 880.00	1
SERA-JANE ENTERTAINMENT	-\$ 1,870.00	3
SOUTHERN CROSS BROADCASTING	-\$ 46,831.40	29
ST JOHN AMBULANCE QLD STATROLLS PTY LTD - SCRIBAL GROUP	-\$ 6,596.64	6
STEPHEN A HAMLEY	-\$ 1,000.00	1
STERILINE RACING	-\$ 511.06	1
STIHL SHOP GARBUTT	-\$ 2,095.90	12
STUART STARTER & ALTERNATOR SERVICE	-\$ 22.00	1
SUN CITY SHEETMETAL	-\$ 1,716.00	1
SUNBUS	-\$ 5,730.00	1
SUPERIOR MESSENGER SERVICE	-\$ 228.69	1
SUPERIOR TURF SOLUTIONS	-\$ 710.44	2
SUSAN GILLESPIE	-\$ 9,653.95	8
SV STEEL SUPPLIES PTY LTD	-\$ 1,465.03	8
TALKIN' AUDIO/JUST LAMPS	-\$ 13,546.50	3
TELSTRA	-\$ 16,072.38	20
TEN FOOT TALL	-\$ 1,200.00	1

Supplier	YTD Spend	Freq
THE BODY SHOP	-\$ 2,457.50	1
THE FLOWER SHOP	-\$ 12,648.50	27
THE GROUNDSMAN	-\$ 39.50	1
THE NEW TOWNSVILLE CITY	-\$ 98,456.13	14
THOMSON, LARRY	-\$ 720.00	1
TMPC	-\$ 1,345.00	11
TONY POWELL HOSE & FITTINGS PTY LTD	-\$ 311.68	4
TOO EZY AUTO ELECTRICS	-\$ 157.25	1
TORO AUSTRALIA	-\$ 1,879.86	6
TOWNSVILLE BEER SERVICES & VAN EERDE AIR	-\$ 247.50	1
TOWNSVILLE BROADCASTERS PTY LTD	-\$ 18,892.50	6
TOWNSVILLE CITY COUNCIL WHOLESALE NURS	-\$ 876.15	3
TOWNSVILLE ENTERPRISE LIMITED	-\$ 1,830.00	1
TOWNSVILLE EVENTS	-\$ 749.20	4
TOWNSVILLE VET CLINIC	-\$ 1,315.00	17
TOWNSVILLE WINDOWS & SCREENS	-\$ 242.90	1
TRACEY BRUTON	-\$ 887.50	3
TRADELINK PLUMBING SUPPLIES	-\$ 472.85	1
TRENCH NORTH PTY LTD	-\$ 425.26	1
TREVOR ROBERTS	-\$ 330.00	1
TROPICAL ICE	-\$ 6,928.79	21
TSV WINDOWS & SCREENS	-\$ 341.00	1
TURFCRAFT MACHINERY AUSTRALIA	-\$ 1,265.00	1
TWIN CITIES RADIATORS	-\$ 104.50	1
UNITAB	-\$ 10,546.80	2
VERVE DESIGN	-\$ 20,374.49	49
WANLESS WASTECORP	-\$ 7,568.55	10
WB & EG PRIZEMAN	-\$ 383.75	2
WENDY WUZENS	-\$ 233.75	1
WESTNET	-\$ 1,397.53	13
WHK TCM SMITH	-\$ 11,445.50	2
WILCLEAN CLEANING SERVICE PTY LTD	-\$ 12,909.60	3
WILD GRAVITY	-\$ 2,970.00	1
WILKINSONS BLACKSMITHS	-\$ 2,145.00	1
WIN TELEVISION QLD PTY LTD	-\$ 8,881.40	5
WORKCOVER QLD	-\$ 11,602.52	1
WORKWEAR	-\$ 276.26	1
TOTAL	-\$ 2,388,390.41	1406

Appendix H – Extract of Related Legislation

Racing Act 2002 Club Provisions

34 (2) To the extent a control body believes necessary or desirable for performing the control body's function, the control body may, by notice given to a licensed club, give a direction to the club (a "**control body direction**") relating to—

- (a) the operations of the club, including, for example, matters in relation to the licensed club's assets; or
- (b) a licensed venue for which the club is the licence holder.

39 Obligation to have program to audit licensed animals, clubs, participants and venues

(1) By 31 December each year, a control body must give to the chief executive a copy of its program, for the following year, to audit periodically the suitability of every licensed animal, club, participant and venue to continue to be licensed.

(2) The control body must implement the program during the relevant year

PART 5— PROVISIONS APPLYING TO LICENSED CLUBS

Division 1—Contravention of this part constitutes a ground for suspending or cancelling a licensed club's licence

108 Contravention by licensed club constitutes a ground for disciplinary action

(1) If a licensed club contravenes a provision of this part, the contravention constitutes a ground for suspending or cancelling the licensed club's licence.

(2) For subsection (1), it is immaterial whether the licensed club is prosecuted for an offence constituted by the contravention.

(3) This part does not limit the matters that a control body's policy about its licensing scheme may provide is a ground for disciplinary action relating to the licence of a club.

Division 2—Race meetings

109 Licensed club to hold race and betting meeting at licensed venue when under control of control body that licensed club and venue

(1) A licensed club must not hold a contest, contingency or event in which 2 or more animals compete against each other for the purpose of providing a contest, contingency or event on which bets may be made, unless it is held—

- (a) at a licensed venue of the licensed club; and
- (b) under the control of the control body that licensed the club and venue.

Maximum penalty—200 penalty units.

(2) A licensed club must not hold a meeting at which betting is carried on and at which a race is not held, unless the meeting is held—

- (a) at a licensed venue of the licensed club; and
- (b) under the control of the control body that licensed the club and venue.

Maximum penalty—200 penalty units.

Division 3—Audited accounts of licensed clubs and related matters

110 Licensed club to give audited accounts to control body

(1) Within 3 months after the end of each financial year, the responsible entity for a licensed club for the financial year must give to the control body that licensed the club statements signed by the club's auditor.

(2) The statements must be in the control body form.

(3) If the club was a non-proprietary club during the financial year, the control body form must provide for statements about the following—

- (a) the club's income and expenditure, on an accrual basis;
 - (b) particulars of each amount paid by the club for a charitable, benevolent, patriotic or special purpose approved by the control body;
 - (c) particulars of other payments or expenditure made by the club of the type mentioned in section 112(3);
 - (d) its assets and liabilities as at the end of the financial year.
- (4) If the club was other than a non-proprietary club during the financial year, the control body form must provide for statements about the following—
- (a) the club's income and expenditure, on an accrual basis;
 - (b) its assets and liabilities as at the end of the financial year.

(5) In this section—

“responsible entity”, for a licensed club for a financial year, means—

- (a) if the corporation that was a licensed club during the financial year continues to be a licensed club—the licensed club; or
- (b) if the corporation that was a licensed club during the financial year is no longer licensed as a licensed club but the corporation continues to exist—the corporation; or
- (c) if the corporation that was a licensed club during the financial year is no longer licensed as a licensed club and the corporation no longer exists—each of the persons who was an executive officer of the corporation immediately before the licence ended.

Division 4—Provisions for licensed clubs that are non-proprietary entities

111 Definitions for div 4

In this division—

“dispose”, of an asset, includes distribute, forfeit, relinquish possession of, sell or otherwise give up, the asset.

“non-proprietary entity” means—

- (a) a licensed club that is a non-proprietary club; or
- (b) a corporation that was a licensed club and, when it was licensed, was a non-proprietary club.

“relevant control body” relating to a non-proprietary entity, means the control body that licensed the entity.

112 Application of revenues, profits etc. of licensed club that is or was a non-proprietary entity

(1) A non-proprietary entity must not divide, directly or indirectly, money comprising the entity's revenues, profits or other assets, however derived, among the individual members of the entity or any of them.

(2) The non-proprietary entity may apply amounts comprising its revenues and profits—

- (a) for encouraging the relevant control body's code of racing in Queensland if the application is under 1 of the control body's policies for that purpose; and
- (b) for a charitable, benevolent, patriotic or special purpose, if the application is under the relevant control body's written approval obtained before the entity applies the amounts.

(3) This section does not prevent—

- (a) a payment to a member of a non-proprietary entity as—
 - (i) principal and interest payable for amounts lent to the entity by that member, calculated at a rate not exceeding the rate for the time being approved by the Reserve Bank of Australia as the maximum rate of interest chargeable by banks for overdraft accommodation; or
 - (ii) rent for a lease of a licensed venue that is the property of the member, if the lease was approved by the Minister before its execution; or
 - (iii) reimbursement for reasonable expenses incurred by the member under 1 of the relevant control body's policies that provides the expenses may be incurred; or
- (b) an expenditure by the non-proprietary entity for—
 - (i) providing reasonable entertainment for the entity's members in common with other persons; and
 - (ii) defraying a member's expenses for attending, with the approval of the entity before attending—

- (A) a conference or meeting of persons interested or concerned in racing or in the control, holding or supervision of race meetings; or
- (B) a conference or meeting with the relevant control body or with the Minister; or
- (C) a place to promote the entity's interests; or
- (c) a payment to 1 of the entity's members of prize money, or for the award of a trophy, won by a licensed animal at a race meeting held by the entity; or
- (d) a payment by the entity of a reasonable amount to a person, whether or not a member of the entity, for legal, accounting, secretarial or other professional services requested by or given to the entity.

113 Prohibition of disposal of assets etc. of non-proprietary entity

(1) A non-proprietary entity may not dispose of any of its asset unless—

- (a) if the asset is an amount comprising the entity's revenues and profits—the amount is applied under section 112(2) or (3); or
- (b) if the asset is an interest in real property and is used for a purpose mentioned in subsection (2)—the asset is disposed of under that subsection; or
- (c) if the asset is not an amount mentioned in paragraph (a) or an interest in real property used for a purpose mentioned in subsection (2), the asset is disposed of under—
 - (i) 1 of the relevant control body's policies; or
 - (ii) a written approval of the relevant control body, obtained before the disposal and relating to that asset.

(2) Despite this Act or another Act, or a law, custom or practice, the entity must not dispose of an interest in real property that is used for the following purposes without the approval of the Minister obtained before the disposal—

- (a) a licensed venue;
- (b) a place for exercising, conditioning or training licensed animals.

(3) An approval given for subsection (2) must be published in the gazette.

(4) The Minister may, under subsection (2), approve the disposal of an asset that is an interest in real property used for a purpose mentioned in that subsection only if the following happened before the entity sought the Minister's approval—

- (a) the majority of the entity's members present at a meeting of it approved of the disposal;
- (b) the relevant control body's approval was obtained.

Queensland Rules of Racing Clubs

L.R.18. Every application for registration of a club shall be accompanied by a statement in writing showing:

- (a) the names of all office bearers connected with the club;
- (b) the course upon which the club proposes to hold race meetings;
- (c) a list of members of the club.

L.R.19. Every registered club shall apply for renewal of registration on or before the first day of July in each year.

L.R.20. The fee for registration or renewal of registration of a club shall be as prescribed by the Principal Racing Authority.

L.R.21. (1) Unless with the express permission of the Principal Racing Authority no Committee of any registered club shall contain more than two licensees as members.

(2) Unless with the express permission of the Principal Racing Authority a licensee shall not hold office as Secretary (whether paid or honorary) of a registered club.

For the purposes of this rule a person holding a permit to train his own horses shall not be deemed to be a licensee.

L.R.22. Every registered club shall forward to the Principal Racing Authority within ninety days after the conclusion of each financial year a Balance Sheet and Profit and Loss Account audited by a person authorised under Section 131(1) of the Act showing the operations of the club for the financial year just concluded.

L.R.22A. Every registered club shall forward to the Principal Racing Authority within thirty days of the date of the Annual General Meeting of that Club:

- (a) a written report on the activities of the Club between the previous Annual General Meeting and that Annual General Meeting;
- (b) a copy of any corporate, strategic, business, or other plan (howsoever entitled) which the Club may have adopted during the period between the previous Annual General Meeting and that Annual General Meeting.

L.R.23. Every registered club shall at such times as the Principal Racing Authority shall determine forward to the Principal Racing Authority a list of the dates on which the club desires to race. Every such application shall set out the name of the racecourse on which the club proposes to hold such meeting or meetings. The Rule shall not confer on any of the said clubs a right or privilege to race on any particular day.

L.R.24. The Committee of a Club intending to conduct race day promotions or novelty events involving usage of the race track or the centre of the race course, must prior to acceptance time for the meeting concerned obtain the permission of the chief steward to do so. Whilst such permission may not be unreasonably withheld, approval may be granted subject to such conditions as the stewards deem appropriate.

L.R.25. A Club conducting a race meeting shall publish in the race book for the meeting details of the betting limits prescribed in L.R. 131 (4).

Appendix I – Statement of Responsibility

Management’s Responsibility for the Engagement

The management of QRL are responsible for the preparation and presentation of Race Clubs in accordance with the signed terms of reference. This responsibility includes establishing and maintaining processes and internal controls relevant to the preparation and presentation of Race Clubs to ensure that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate policies; and making estimates that are reasonable in the circumstances.

Assurance Practitioner’s Responsibility

Our responsibility is to express a conclusion on Race Clubs based on our review. We conducted our review in accordance with Australian Standard on Assurance Engagements ASAE 3000, “*Assurance Engagements Other than Audits or Reviews of Historical Financial Information*,” in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that Race Clubs are not in accordance with the criteria listed above.

A review consists primarily of making enquiries, primarily of persons responsible for the preparation of Race Clubs and their underlying information, applying analytical and other review procedures, and examination of evidence for a small number of transactions or events. A review is substantially less in scope than a reasonable assurance “audit” conducted in accordance with ASAE 3000. Accordingly, we do not express an *audit opinion*. Had we performed a reasonable assurance “audit” as defined by ASAE 3000 or an audit as defined by Australian Standards on Auditing, additional information may have come to our attention, which would have been reported to you.

Inherent Limitations

Our Work is subject to the following limitations:

- Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Our procedures were not designed to detect all weaknesses in control procedures as they were not performed continuously throughout the period and the tests performed are on a sample basis.
- Any projection of the evaluation of the control procedures to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.
- The matters raised in this report are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management’s responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that

may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.

Suggestions for improvement should be assessed by management for their full commercial impact before they are implemented.

Limitations on use

This report is made solely to the management of QRL in accordance with our Terms of Reference dated 16 March 2009, for the purpose outlined in the signed terms of reference dated 16 March 2009 and should not be quoted in whole or in part without our prior written consent. We disclaim any assumption of responsibility for any reliance on this report to any person other than the management of QRL, or for any purpose other than that for which it was prepared.

We disclaim all liability to any other party for all costs, loss, damages, and liability that the other party might suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party, or the reliance on our report by the other party.

Independence, Competence, and Experience

All professional personnel involved in this engagement have met the independence requirements of the Australian professional accounting bodies. Our team has been drawn from our Risk Services Practice and has the required competencies and experience for this engagement.

Appendix J – Terms of Reference

Purpose & Scope

The scope of our engagement was to review selected Racing Clubs in comparison to the criteria listed in the engagement objectives below.

Engagement Objective

The objective of this engagement was to evaluate Townsville Turf Club's financial management operations and framework. The engagement focused on the following areas:

Corporate Governance

- Legislative Compliance
- Business Management Planning
- Internal Control Environment
- Risk Management Plan
- Performance Evaluation and Review

Finance

- Financial reporting, accounting records and accountability
- Club Funding and other revenue
- Capital Expenditure
- Capital Assets
- Cash flow management
- Payroll, including administration costs including staff salary levels, staff numbers (permanent and casual) and staff allowances
- Cash collection and controls on race day through catering, bars, admissions, security, handling, collection and banking
- Credit Cards management (register, policy, limits, delegations)

Methodology

The procedures performed included:

- conducting site visit to the Townsville Turf Club
- assessing the clubs' existing financial management processes and policies through discussion with key stakeholders and review of existing documentation
- assessing the clubs' strategic direction, organisational structure and reporting lines and responsibilities to determine an appropriate level of governance systems, controls and processes
- comparing the current governance and risk framework against other racing clubs and identify areas for improvements.

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AUDIT COMMITTEE PAPER NUMBER: 7
Bad Debt and Provision for Bad Debt FY 08/09

PURPOSE:

To provide an update to the Audit Committee of outstanding debt and to seek their approval of debt written off in current financial year and authorise the provision for bad debt as at 30 June 2009.

BACKGROUND AND ISSUES:

QRL has continued to adhere to the current debt collection process which has insofar been successful since the implementation of the PA module 'Debtors Collect' in the FY 06/07.

Due to the current financial climate and the after affects of EI it has been a very difficult year to chase up outstanding debt. The systems currently in place have been effective although QRL will be looking towards a further review of the credit policy and adherence thereof.

Change to QRL Credit Policy

1. Review the QRL credit policy to incorporate a streamlined process specifically targeting the Race Fields Information Fee and associated debt recovery process.

Provision for Bad Debt FY 08/09

A provision of \$20,856 of possible client debt is to be provided for the FY08/09.

The total amount of provision for debt for the FY 08/09 is \$5,665 which is above management's delegation of \$2,000 as per the credit policy.

QRL is continuing to make every effort to collect the attached debts, which are aged past 10 weeks. QRL will continue to adhere to QRL's credit policy in recovering the amounts to be provided for of \$20,856 until the debt collection process is exhausted wherein the debt remaining will be written off and corresponding debtors will be placed on the forfeit list.

Bad Debt Write Off

QRL has adhered to policy and procedures in attempting to recover outstanding debt. In February 2009 an accumulative list of outstanding debtors that had been through the procedural collection process was collated and written off to the amount of \$53,605.61 and corresponding debtors placed on the Forfeit List.

A further \$51,734.51 was deemed as irrecoverable and recommended for write off in June 2009 after due process which totals the amount of \$105,340.12 for the FY 08/09 with corresponding debtors to be placed on the Forfeit List.

Of the provision for debt in the FY07/08 financial accounts of \$162,526.35, QRL has been unable to recoup and since written off bad debt at \$105,340.12 in the current FY 08/09 which is 65% of the estimated provision.

Brisbane Turf Club

Further to this amount QRL recommends a BTC Write Off of \$9,010 in line with Credit Policy for the following amounts not fully recouped.

Amount Owing	Description	Details	Action
\$1,510	Dezigna	Doomben 10,000 21/5/05 Emergency – Horse did not gain a start	Agree to Write Off due to incorrect invoicing and inconclusive evidence
\$4,200	River to the Sea	Doomben 10,000 21/5/05 Emergency – Horse did not gain a start	Agree to Write Off due to incorrect invoicing and inconclusive evidence
\$3,300	Tickle	Doomben Cup 28/5/05 – Horse broke down approaching the 1400m and was retired from the race.	Agree to Write Off due to incorrect invoicing and inconclusive evidence
\$9,010	Amount agreed to write off from the BTC		


The total debts write off for debtors accounts FY 08/09 would therefore be \$114,350.12.

Cairns Jockey Club

To provide for \$110,000 for the Cairns Jockey Club operating account. Total amount outstanding from Cairns Jockey Club at 30 June 2009 is \$186,523.93.

DECISION REQUIRED:

1. The Audit Committee to approve write off of debt against the Debtor account in FY 08/09 of \$105,340.12 which was previously provided for in FY 07/08.
2. To write off \$9,010 for the BTC as per the above table not previously provided for.
3. Approve the provision for Bad Debt of \$20,856 for FY08/09.
4. Approve the provision of Bad Debt of \$110,000 for the Cairns Jockey Club for FY 08/09.



Adam Carter
FINANCE MANAGER

Actioning Officer – Ali Wade

Queensland Racing Limited					
Recommendation for Provision for Bad Debt					
Year Ending 30/06/2009					
Audit Committee 7 August 2009					
Recommendation for FY 2009 Provision for bad debt under \$2,000					
Account	Name	Type	Transaction Date	Description	Total
TCERGM	Eromanga Amateur Race Club Inc	Club	5/06/2008	FY 08/09 licence	\$ 290.65
THROYAL706	Mr Kim Tan	Owner	23/02/2008	DISQ DMBEN 23/2/08	\$ 1,700.00
THSTALK005	Mr Ronald Duce	Owner	28/04/2007	Recovery of Pmoney	\$ 225.00
TJAPPO000	Bradley Appo	Jockey	30/06/2008	Fine Gatton 21/6/08	\$ 200.00
TJBAKER001	James Baker	Jockey	31/03/2008	Fine GC 29/3/08	\$ 84.44
TJCLARK004	James Clarke	Jockey	15/01/2008	Fine Ipswich 5/1/08	\$ 360.60
TJCLEGG001	Gareth Clegg	Jockey	25/07/2007	Fine Townville 14/7/07	\$ 567.68
TJHOLME001	Patrick Holmes	Jockey	31/03/2008	Fine Ipswich 10/3/08	\$ 931.00
TJJOHNS005	Benjamin Johnson	Jockey	28/06/2007	LATE ADMIN CHARGE	\$ 25.00
TJONES001	Darren Jones	Jockey	30/11/2007	Fine Mt Isa 3/11/07	\$ 50.00
TJKAIMA000	Manabu Kai	Jockey	24/01/2008	Fine Toow 19/1/08	\$ 250.00
TJLYNCH000	Glenn Lynch	Jockey	22/08/2008	Fine Deagon 11/8/08	\$ 2,429.40
TJMARSH002	Kerry-Ann Hutchins	Jockey	31/03/2008	Course Fees	\$ 94.50
TJMINT000	Damion McIntosh	Jockey	19/11/2008	Fine Atherton 15/11/08	\$ 250.00
TJMICA000	George Michaels	Jockey	28/05/2008	Fine Mackay 24/5/08	\$ 50.00
TJPEARS000	William Pearson	Jockey	31/03/2008	Fine GCTC 29/3/08	\$ 1,475.00
TJPRICE001	Melanie Price	Jockey	23/09/2008	Fine Toow 20/9/08	\$ 200.00
TJPYECA000	Carly-Mae Pye	Jockey	26/02/2008	Fine Warwick 23/2/08	\$ 543.50
TJSCIMO000	George Scimone	Jockey	30/06/2007	Fine Rockhampton 21/6/07	\$ 188.20
TJSHARP000	Mark Sharpley	Trainer	15/03/2008	Racing fees 'Bouillabaisse'	\$ 94.20
TSEGAN000	Shane Egan	Jockey	30/06/2008	Course Fees	\$ 252.00
TSBURKE000	Allison Burke	Stble/Other	30/03/2008	Course Fees	\$ 15.75
TSCOTTE000	Allan Cotter	Stble/Other	30/04/2007	Fine Rockhampton 21/4/07	\$ 500.00
TSHOLBE000	Jason Holbeck	Stble/Other	21/04/2008	Fine BTC 16/1/08	\$ 200.00
TSMCIVE000	Corey McIver	Stble/Other	31/07/2008	Course Fees	\$ 178.50
TSMURRA000	Nikole Murray-Williams	Stble/Other	31/07/2008	Course Fees	\$ 94.50
TSODONN000	Peter Odonnell	Stble/Other	31/07/2007	Course Fees	\$ 146.40
TSPARKE000	Lee Parker	Stble/Other	15/04/2008	Fine Toowoomba 27/8/07	\$ 500.00
TSROLLS000	Loren Rolls	Stble/Other	30/09/2008	Fine RAT 11/9/08	\$ 1,050.00
TZHAINJ000	Jason Haim	Misc	1/08/2008	2008 Industry Award Tickets	\$ 450.00
OZMOUNT000	Mountain View Thoroughbreds	Advertising	31/07/2008	2008 Stallions Advertising	\$ 1,795.00
Total Recommendation for FY 2009 provision for bad debt under \$2,000					\$ 15,191.32
Recommend provision for amounts exceeding \$2,000					
Account	Name	Type	Transaction Date	Description	Amount
THINDOC000	Mr Leon Kenny Roberts	Owner	30/08/2008	Recover Incorrect Payment	\$ 2,074.95
DZKARAB	Karabou Thoroughbreds	Advertising	31/07/2008	2008 Stallions Advertising	\$ 3,590.00
Total Recommended provision for amounts exceeding \$2,000					\$ 5,664.95
Total Provision as at 30 June 2009					\$ 20,856.27
Comparison		30-Jun-07		30-Jun-08	30-Jun-09
Under \$2,000	\$	26,216.25	\$	12,400.35	\$ 15,191.32
Over \$2,000	\$	13,472.27	\$	49,981.50	\$ 5,664.95
CHAPS	\$	-	\$	100,144.50	\$ -
	\$	39,688.52	\$	162,526.35	\$ 20,856.27
Prepared By:					
		Senior Finance Officer			Date
Authorised by:					
		Finance Manager			Date
Reviewed and Authorised by:					
		Audit Committee			Date

Queensland Racing Limited						
Recommendation for Write Off						
Year Ending 30/06/2009						
Recommendation for Forfeit List and Write Off						
Account	Name	Type	Transaction Date	Description	Amount	Reason
TJAPPO001	Brendon Appo	Jockey	24/05/2007	Recover Riding fee	\$ 123.31	Expired Jockey
TJDICKS000	Mark Dickson	Jockey	28/06/2007	Late Penalty	\$ 25.00	Paid outstanding account but not penalty, Current although 08/09 licence remains unpaid
TJFERRY000	Chris Ferry	Stablehand	20/12/2005	Course Fees	\$ 55.78	
			19/07/2007	Late Penalty	\$ 25.00	Cancelled stablehand licence
TJHARTM000	Mervyn Hart	Jockey	4/04/2006	Fine Roma 18/3/06	\$ 70.00	Expired jockey
			19/07/2007	Late Penalty	\$ 25.00	
TJRUXTO000	Emma Ruxton	Stablehand	31/10/2006	Course Fees Sept 06	\$ 101.48	Current Stablehand licence
			31/12/2006	Course Fees Nov 06	\$ 59.40	
			31/05/2007	Course Fees May 07	\$ 32.18	
			19/07/2007	Late Penalty	\$ 25.00	
TJTREWE000	Shane Treweek	Jockey	31/07/2007	Fine QLD Turf Club 25	\$ 100.00	Expired Jockey
TJWELBU001	Justin Welburn	Jockey	28/02/2007	Fine Rockh 20/2/07	\$ 300.00	Expired Jockey
TSDARCY000	Leslie Darcy	Trackrider	31/10/2007	Fine Dawson JC 22/9/0	\$ 200.00	Trackrider currently under suspension pending drug rehab
TSFRAZE000	Nathan Frazer	Trackrider	19/07/2007	Late Penalty	\$ 25.00	Cancelled trackrider licence (2006)
TSLUCAS000	William Lucas	Bookmakers Clerk	31/05/2007	Fine Mackay 22/5/07	\$ 150.00	Bookmakers Clerk
TJBARON000	Richard Barone	Trainer	6/06/2007	Weekly Racing	\$ 43.75	Expired trainer
TTCLEAR001	Joseph Cleary	Trainer	13/06/2007	Weekly Racing	\$ 44.00	Expired Trainer
TTCRUTC000	Stephen Crutchley	Trainer	4/04/2007	Weekly Racing	\$ 65.85	Expired Visiting trainer
TTDAVIS008	Gregory Davis	Trainer	22/03/2007	Weekly Racing	\$ 7.20	Expired Trainer
			4/04/2007	Weekly Racing	\$ 101.20	
			12/04/2007	Weekly Racing	\$ 44.00	
			18/04/2007	Weekly Racing	\$ 57.20	
TTDESME000	Jules De Smet	Trainer	11/05/2007	Winter Racing 2007 N	\$ 440.00	Visiting Trainer
TTDWANE000	Dennis Dwane	Trainer	4/04/2007	Weekly Racing	\$ 88.00	Expired trainer (2002)
			18/04/2007	Weekly Racing	\$ 44.00	
TTEDGAR000	Christopher Edgar	Trainer	1/11/2006	Weekly Racing	\$ 15.20	Current although 08/09 licence remains unpaid
			3/01/2007	Weekly Racing	\$ 57.20	
TTHARRI010	Thomas Harrison	Trainer	31/01/2007	Weekly Racing	\$ 44.00	Stablehand in process until payment of outstanding account

TTMCBUR001	Jon McBurney	Trainer	20/06/2007	Weekly Racing	\$ 44.00	Visiting trainer expired
			4/07/2007	Weekly Racing	\$ 154.75	
TTOLIVE002	Luke Oliver	Trainer	11/05/2007	Winter Racing 2007 N	\$ 220.00	Visiting trainer expired
TTRAPMU000	Bob Rapmund	Trainer	26/04/2007	Weekly Racing	\$ 44.00	Visiting trainer expired
TTRYAN009	Peter A Ryan	Trainer	19/04/2006	Weekly Racing	\$ 44.00	Expired Trainer
			3/05/2006	Weekly Racing	\$ 14.70	
			18/05/2006	Weekly Racing	\$ 145.00	
TTWALES000	Michael Wales	Trainer	30/05/2007	Weekly Racing	\$ 44.00	Visiting trainer expired
			6/06/2007	Weekly Racing	\$ 132.00	
			13/06/2007	Weekly Racing	\$ 99.00	
			20/06/2007	Weekly Racing	\$ 176.00	
TSCROUC000	Floyd Pepper' Drew Crouch Managing Owner	Ownership	24/03/2006	Prizemoney Adjustme	\$ 1,651.12	Recover incorrect prizemoney overpayment, owner aware of the debt and is extremely reluctant to pay
TJLOCKW000	Danielle Lockwood	Trainer	5/06/2008	QLD racing fees	\$ 790.50	Debtors process exhausted, No longer licensed
TTBOYDS000	Stewart Boyd	Trainer	17/09/2008	QLD racing fees	\$ 342.20	Debtors process exhausted, No longer licensed
TTBRUTO001	Kerrie Bruton	Trainer	4/12/2007	QLD racing fees	\$ 818.40	Debtors process exhausted, No longer licensed
TTHILL000	Leonard Hill	Trainer	8/08/2008	QLD racing fees	\$ 132.00	Debtors process exhausted, No longer licensed
TTHOWLE00	John Howlett	Trainer	21/05/2008	QLD racing fees	\$ 904.60	Debtors process exhausted, No longer licensed
TTHUNTE004	Jerome Hunter	Trainer	10/09/2008	QLD racing fees	\$ 1,635.91	Debtors process exhausted, No longer licensed
TTLANGJ000	Jessica Lang	Trainer	30/06/2008	Fine GCTC 26/6/08	\$ 100.00	Debtors process exhausted, No longer licensed
TTMCGUI004	Wayne McGuire	Trainer	23/07/2008	QLD racing fees	\$ 315.70	Debtors process exhausted, No longer licensed
TTUNWIN000	Jamie Unwin	Trainer	4/04/2007	Fines and QLD racing fees	\$ 1,175.40	Debtors process exhausted, No longer licensed
TTWARD000	Darryl Ward	Trainer	10/09/2008	QLD racing fees	\$ 315.70	Debtors process exhausted, No longer licensed
TTWHYTE000	Vincent Whyte	Trainer	12/06/2008	QLD racing fees	\$ 339.90	Debtors process exhausted, No longer licensed
TTWINNI000	Glennis Winning	Trainer	28/05/2008	QLD racing fees	\$ 219.20	Debtors process exhausted, No longer licensed
						Debtors process exhausted, No longer licensed, visiting trainer
TZLAUJO000	Joe Lau	Trainer	6/06/2008	QLD racing fees	\$ 220.00	
DZGARDEN	GardenVale Stud	Advertising	6/07/2007	QTIS Stallions 2007 Adve	\$ 1,495.00	Owner passed away, unable to recover funds
DZCOMMA000	Commander Australia L	Marketing	22/06/2007	Industry Awards Table 2	\$ 1,400.00	Debtors process exhausted,
						Commander and its subsidiary companies went into receivership/administration on 8 th August '08
						Debtors process exhausted, Owners Assoc also unsuccessful in recovery attempts
TSGUNNA000	Gunnawyn Park	Advertising	6/07/2007	QTIS Stallions 2007 Adve	\$ 1,795.00	
Total Recommendation for Forfeit List and Write Off					\$ 17,136.83	
Recommend write off for amounts exceeding \$2,000						
Account	Name	Type	Transaction Date	Description	Amount	Reason

TCTATT	Tattersall's Racing Club		03 to 06 FY	Awards Tickets/GST A	\$ 4,641.79	Debt from 03 to 06 financial year, difficult to reconcile and prove
			22/09/2006		\$ 12,516.50	Numerous attempts have been made to recover money both written and verbal, place on the forfeit list and write off debt
TBTHORO000	Thoroughbred Bloods	Ownership		Recovery of Incorrect		
TSHANLO000	Lady of Courage' Gail Hanlon Syndicate Manager	Ownership	2/05/2006	Prizemoney for Disqualification of 'Lady of Courage' 7/1/06 TOOW Race 5	\$ 6,630.00	Syndicate is no longer in operation, letters sent and phone contact was made with client who was to follow up. No contact made since, can no longer reach manager on previous phone number. No longer in the racing industry with no forwarding address. (refer to legal)
DZHALL2	W Hall	Advertising	6/07/2007	QTIS Stallions 2007 Adve	\$ 3,290.00	Debtors process exhausted, Owners Assoc also unsuccessful in recovery attempts
DZJILBA	Jilba Thoroughbreds	Advertising	2006 & 2007	QTIS Stallions 2006 & 20	\$ 2,920.00	Debtors process exhausted, Owners Assoc also unsuccessful in recovery attempts
DZPALMA	Palmaday Stud	Advertising	2007 & 2008	QTIS Stallions 2007 Adve	\$ 19,180.00	Debtors process exhausted, Owners Assoc also unsuccessful in recovery attempts
TSRIVER000	River Hills Stud Farm	Advertising	2007 & 2008	Country Racing Sponsors	\$ 5,385.00	Debtors process exhausted, Owners Assoc also unsuccessful in recovery attempts
Total Recommended write off for amounts exceeding \$2,000					\$ 54,563.29	
Recommend write off for CHAPS recovery						
Account	Name	Type	Transaction Date	Description	Amount	Reason
TTANDER001	Bryan Anderson	Trainer	30/04/2008	CHAPS 1 RECOVERY	\$ 13,640.00	Recovery for initial 31 days payment prior to application
TTCOOK001	William Cook	Trainer	30/04/2008	CHAPS 2 RECOVERY	\$ 1,120.00	Identified as receiving both CHAPS and prizemoney
TTDE BO000	Andrew De Boni			CHAPS 1 RECOVERY	\$ 2,480.00	Recovery for initial 31 days payment prior to application, appropriate forms have been located, recommend write off
		Trainer	30/04/2008			
TTJOHNS003	John Johnson	Trainer	30/04/2008	CHAPS 1 RECOVERY	\$ 7,440.00	Recovery for initial 31 days payment prior to application
TTWINNI000	Glennis Winning	Trainer	39568	CHAPS RECOVERY 5YC	\$ 2,760.00	Extended Terms in place, DEFAULTED ON TERMS, NO LONGER LICENSED
TTSULLI000	John Sullivan	Trainer	39568	CHAPS 1 RECOVERY	\$ 6,200.00	HAS NOT RENEWED 09/10 LICENCE AS AT 18/6/09
Total Recommended write off for CHAPS recovery					\$ 33,640.00	
Total Debt write off as at 30 June 2008					\$ 105,340.12	
Provision for Bad Debt as per year end reports					\$ 162,526.35	
less total debt written off June 2009					\$ 105,340.12	
Balance from YE 2008 provision					\$ 57,186.23	

**Minutes of Audit Committee Meeting
Friday 15 January 2010**

**Queensland Racing
Boardroom
Racecourse Road, Deagon**

**Meeting commenced at 8.30am
Meeting concluded at 10:15am**

Committee Members Present: Bradley Ryan (Chairman)
Tony Hanmer

Also in Attendance: Adam Carter – *Finance Manager*
Ron Mathofer – *Business Analyst*

Apologies: Malcolm Tuttle- *Chief Operations Manager*

Minutes: Ali Wade - *Finance*

The meeting commenced at 8.30am.

1. Confirmation of Minutes of 7 August 2009

The Committee **NOTED** the Audit Minutes from the last meeting on 7 August 2009.

The Committee **RESOLVED** that the QRL Audit Meeting Minutes of 7 August 2009 be received and confirmed.

MOVED by Mr Hanmer in the absence of the departed Chairman Mr Lambert.

Discussion on previous minutes:

- 3.1 Discussion was undertaken surrounding the ability for QRL to take out a mortgage over property and forge a lease rather than Trust when dealing with significant contributions to clubs.
5. Townsville status after the audit review needs further attention. Mr Hanmer put forward to the Chair that a timetable be constructed incorporating the 28 steps in line with the procedure followed with the Sunshine Coast Turf Club. The timeframe for this procedure would be approximately 10 months from the initial assessment.
7. Bad Debt
Collection House Ltd has been sourced as the external debt collection agency.

Follow-Up:-

Add Townsville review and follow up to action sheet
Draw up timetable incorporating 28 step plan to be tabled at the next committee meeting for authorisation and sign off.

Power point presentation on Agenda Items tabled.

2. Action Sheet

The **Committee** made the following comments regarding the action sheet items below:

Item 1. TAB Workshop

Mr Hanmer to discuss with Mr Bentley any affect the potential merger could have on future TAB workshop formats.

Deferred to the next audit committee meeting.

3. Audit Committee Charter

Provided with audit papers.

4. TAB Club Audits timing FY 0910

Schedule provided in power point presentation.

Noted the BRC audit is to commence 22 February with Andrew Moore the CFO being the first point of contact.

5. Update on TAB Club Assessments

Toowoomba Turf Club forecasts its first loss in several years largely due to the significant repairs and maintenance that has been undertaken in the current financial year.

Overall attendance numbers have declined although the average spend on bar and catering has increased across the board.

Membership numbers have been on a steady decline throughout all clubs.

Noted that the Sunshine Coast Turf Club is not competing in line with other TAB clubs given the demographics and continuing increase in population within that region.

5.1. Sponsorship

- 5.1.1. Prizemoney trend is increasing whereas sponsorship is flat lining
- 5.1.2. Inability to provide a platform for state-wide sponsorship is an issue
- 5.1.3. Sponsorship to be included in the agenda for TAB workshops

6. Update on Non-TAB Assessments

Provided in the power point presentation.

7. Internal Audit Plan FY0910

Provided in the power point presentation.

Committee requested prior finalised reviews to be tabled at the next committee meeting.

7.1. Race Information Legislation

- 7.1.1. Analysis to be undertaken to distinguish the different models being used in the industry

- 7.1.2. QRL to develop forms to incorporate different betting models to provide a platform for a consistent process to take place when dealing with betting agencies.

Follow-Up:-

Race Information Fees review to be brought forward to the next Audit Committee meeting.

8. Club FMPM

Committee members deemed it prudent to review the tabled document in depth prior to finalisation.

Mr Ryan requested:

- 8.1. an addition to the management reporting section to include an analysis on variances in monthly management accounts.
- 8.2. that budgets are required before July and not in September along with the end of year financials.

9. TAB Workshop – timing

Deferred to the next Audit Committee meeting (discussed at agenda item 2).

10. RISA – Ticketing

The initiative is an expansion of the current provisions of ticketing, memberships and functions through clubs to provide an online presence and broaden the accessibility to the industry and potential industry participants and help automate processes.

This is an ongoing process that will eventually be tabled for support, in principle, from the Audit Committee and QRL Board of Directors.

Mr Carter put forward the notion that QRL look towards supporting the funding of the infrastructure and set up of the new system with ongoing costs to remain the Clubs responsibility. As QRL has equity in RISA, although the outlay may be significant there are foreseeable tangible benefits for undertaking this venture.

11. Insurance

Provided in the power point presentation.

11.1. Public Liability Insurance (PLI)

- 11.1.1. QRL has secured PLI on behalf of all clubs at a considerable saving
- 11.1.2. Develop models to assess clubs based on their risk management performance to rank and attribute proportional premiums based on ratings.

Follow-Up:-

Amend wording of 'recoupement' (pg 64 of presentation).

Review the allocation of the premium and excess of race clubs based on their risk management performance to rank and attribute proportional premiums based on ratings.

12. Bad Debts

Discussed at Agenda Item 2.

Next meeting date set for Wednesday 3 February 2010 at 7:30am

The meeting closed at 10.15 am.

Chairman

Date

**Minutes of Audit Committee Meeting
Friday 3 February 2010**

**Queensland Racing
Boardroom
Racecourse Road, Deagon**

**Meeting commenced at 7:30am
Meeting concluded at 9:10 am**

Committee Members Present: Bradley Ryan (Chairman)
Tony Hanmer

Also in Attendance: Adam Carter – *Finance Manager*
Ron Mathofer – *Business Analyst*

Apologies: Malcolm Tuttle- *Chief Operations Manager*

Minutes: Sarah Walker – *Compliance Accountant*

The meeting commenced at 7.30am.

1. Confirmation of Minutes of 15 January 2010

The Committee **NOTED** the Audit Minutes from the last meeting on 15 January 2010.

The Committee **RESOLVED** that the QRL Audit Meeting Minutes of 15 January 2010 be received and confirmed.

MOVED by Chairman Mr Ryan.

2. Action Sheet

The **Committee** made the following comments regarding the action sheet items below:

Item 1. **TAB Workshop**

The scheduling of the workshop is anticipated for late November 2010, timing to coincide with a reminder to clubs of QRL's reporting requirements.

Letters to be sent to TAB clubs including date, draft agenda and noting an invitation to the TAB Workshop is to be extended to both Greyhound and Harness clubs.

A list of agenda items is to be provided at the next audit committee meeting.

Item 7. **Financial Management Procedures Manual (FMPM)**

The FMPM to be updated to incorporate requirements for Harness and Greyhound clubs and the FMPM to be released in early July 2010. This is to be updated and presented prior to the TAB workshop. Appendices are able to be circulated as and when requested by clubs.

Follow Up:

1. A list of agenda items for the TAB Workshop is to be presented at the June 2010 Audit Committee meeting.

3. Audit Committee Charter

The committee noted that changes may be required due to the amalgamation of the three codes and the Charter will be required to be updated.

Mr Ryan requested that the charter needed to include an emphasis of focus, whereby the audit committee would be required to drive initiatives with strategic direction.

Mr Hanmer noted that after the amalgamation, it needed to be made clear to new board members that they are able to attend audit committee meetings if they choose.

Mr Hanmer requested that section 3.2 (a) Compliance and Risk Management (page 2 of the report) should be amended to include any Act of Parliament that may impact the operations of the audit committee.

Follow Up:

1. Charter to be updated taking into account the 3 codes and presented to the audit committee in June 2010

4. Financial Management Procedures Model for Clubs

Discussed at Agenda Item 2.

5. Townsville Turf Club – 28 Step Plan

The committee noted that the process is up to Step 14, and while no final responses had been received from the Townsville Turf Club committee, draft responses to the report had been tabled in the minutes of the club.

Mr Carter advised the committee that he had proposed a meeting with the club's representatives to be held in early March in Townsville. Mr Hanmer commented that a presentation similar to the presentation given to the SCTC be prepared. Mr Carter noted that this would be sent to Mr Hanmer by 12 February 2010. Mr Carter, Mr Hanmer and Mr Carl Gerrard (Deloitte) would attend the meeting.

It was also noted that Mr Bruce Slattery (formerly of the Rockhampton Jockey Club) has offered assistance in consulting with the clubs on compliance issues.

Follow Up:

1. Ali Wade to coordinate visit with the Townsville Turf Club
2. Draft presentation to be prepared and sent to Mr Hanmer by 12 February 2010.

6. TAB Workshop Timing

Discussed at Agenda Item 2.

7. Race Information Fees – Audit Review

It was noted by the committee that the scope of the Deloitte report was heavily focussed on the financial practices, and didn't fully encompass the process from receipt of application.

The committee further noted the importance the Deloitte report would have in terms of the amalgamation of the three codes.

Mr Hanmer raised his concerns regarding the quality of information accompanying applications.

Mr Ryan commented that consideration should be given to implementing a 100 point check similar to that used in banking, including character references, credit checks and National Police Certificates.

Mr Carter noted that as a result of the Deloitte report a master spreadsheet has been created to specify the roles and responsibilities of those involved in the process. Standard template letters have also been prepared and approved by Cooper Grace Ward and the Office of Racing.

Follow Up:

1. Recommend 100 point check process to licensing department.

Next meeting date set for Thursday 1 April 2010 at 8:30am

The meeting closed at 9:10 am.

Chairman

Date

Queensland Racing Limited
(ACN 116 735 374)
Audit Committee Meeting

Date: Thursday 1 April 2010

Time: 8:00am

Venue: Queensland Racing Board Room

Committee Members: Bradley Ryan – (Chairman)
Tony Hanmer

Attending: Malcolm Tuttle
Adam Carter
Ron Mathofer
Carl Gerrard (Agenda Item 2 only)

Minutes: Ali Wade

June 4th

AGENDA		
<i>Item</i>	<i>Business</i>	<i>Contact</i>
1.	Confirmation of Minutes of 3 February 2010	Chairman
2.	Deloitte – Carl Gerrard <i>16th April Mackay Toowoomba - 26th April - May</i>	Adam Carter ✓
3.	Action Sheet – Follow up Issues	Chairman
4.	Insurance – Public Liability – EML & Claims <i>f 560k</i>	Adam Carter
5.	Internal Audit – Third Party Agreements	Adam Carter ✓
6.	Internal Audit – General Computer Network Controls	Adam Carter ✓
7.	Internal and External Audit Update	Adam Carter
8.	Tattersall's Racing Club Loan	Adam Carter ✓
9.	Corporate Bookmakers	Adam Carter ✓
10.	Sunshine Coast	Adam Carter ✓
11.	Toowoomba	Adam Carter ✓
12.	Industry Revenue Trends	Adam Carter

-
- 11.7. Mr Carter to provide possibilities of external representatives such as the AFL approach
 - 11.8. Focus on event management
 - 11.9. Committee requested a copy of agenda to the Workshop held in 2009.
 - 11.10. Consider Deloitte presence and inclusion of the Self-Assessment System to the agenda
 - 11.11. Mr Carter to draft letter to notify clubs
 - 11.12. Committee to consider venue at the next meeting

12. RISA Ticketing

The committee **APPROVED** the budget of \$60K in line with the approved FY1112 budget approved at the 7 June board meeting. RQL to pursue the strategy of the RISA ticketing solution for clubs which partner with RQL.

13. ACTION SHEET – Follow up issues

The committee **NOTED** the action sheet and ongoing follow up issues

The meeting closed at 10:35 am.

Chairman

Date



RACING
QUEENSLAND

**Minutes of the Audit, Finance and Risk Committee
Meeting
Thursday 5 August 2010**

**Racing Queensland Boardroom
Racecourse Road, Deagon**

**Meeting commenced at 7:35am
Meeting concluded at 10:25 am**

Committee Members **Bradley Ryan (Chairman)**
Tony Hanmer
Bob Lette
Wayne Milner

Also in Attendance: **Adam Carter – Chief Financial Officer**
Tracey Harris – Finance & Business Manager
Ron Mathofer – Business Analyst
Carl Gerrard – Deloitte Representative (8:30 to 9:45am)

Minutes: **Ali Wade**

The meeting commenced at 7:35am.

The Chair, Mr. Bradley Ryan welcomed all members in attendance for the first Audit, Finance and Risk Committee meeting for Racing Queensland Limited.

1. Audit, Finance and Risk Committee Charter

The Committee **REQUESTED** amendments to the charter as follows:

- 1.1. Further emphasis to be placed on the Racing Act 2002, section 34 as the legislation which governs the charter.
- 1.2. Inclusion of Corporate Counsel report per meeting
- 1.3. Inclusion of CEO report per meeting (CEO report provided to Board to confirm)
- 1.4. Pg 2. g) change 'Considering' to 'Consider'
- 1.5. Remove Pg 3. i)

2. Overview of Audit, Finance and Risk Committee

Mr. Adam Carter presented an overview of the Audit, Finance and Risk Committee. The Committee highlighted the following:

- 2.1. The projected meeting dates correspond with quarterly reporting between 60-90 days in arrears.
- 2.2. The committee to review and finalise the proposed audit dates for the FY10/11 at the next committee meeting.
- 2.3. Budgets to be provided at the next meeting.
- 2.4. Mr. Tony Hanmer would like a review on the utilisation of the role of audit in clubs.
- 2.5. The Chair requested the undertaking of drafting a club shared services model with an alternative process for non-TAB clubs.
- 2.6. FMPM's from the 3 codes to be combined into one operating manual with draft tabled at a future meeting.
- 2.7. Mr. Wayne Milner recommended a RQL representative present audit reviews and summaries to club committees and CEO's to ensure the information is

provided to the relevant parties and increase the awareness and understanding of the process and results.

- 2.8. The committee to provide greater emphasis on a combined management approach for ticketing through RISA.
- 2.9. The COMMITTEE expressed frustration around the restrictive powers to take action surrounding non-compliant clubs.
- 2.10. The Committee **MOVED** that Deloitte undertake a report advising on the potential cost savings and efficiencies for the racing industry in the state of Queensland with specific focus on executive management remuneration.
Mr Bradley Ryan/Mr Wayne Milner

Follow Up:

1. A Carter to re address the proposed committee meeting dates to align a week prior to Board meetings and quarterly reporting for committee approval.
2. A Carter and T Harris to provide a draft shared services model to the Committee

3. Corporate Governance and Financial Assessment – Townsville Turf Club

Mr. Carl Gerrard gave a brief overview on the report. Townsville have slightly improved on overall performance in comparison to the last review although there remain substantial deficiencies in the financial operations of the club and the club has not adjusted its business model.

The Committee **NOTED** the findings of the Deloitte assessments and the club to address areas highlighted by Deloitte within the financial year.

4. Corporate Governance and Financial Assessment – Gold Coast Turf Club

Mr. Carl Gerrard gave a brief overview on the report. Gold Coast has remained consistent on overall performance in comparison to the last review.

The Committee **NOTED** the findings of the Deloitte assessments and the club to address areas highlighted by Deloitte within the financial year.

5. Internal Audit Plan FY 10/11

The Committee **APPROVED** the Internal Audit Program for the 2010-2011 year and agreed in principle to the 3 year internal audit plan which will be approved annually.

Mr. Carl Gerrard exited the meeting at 9:30am.

6. Clubs Financial Performance – Summary 3 codes

The following Net Profit/Loss and liquidity reports were tabled for the financial years 04/05 to 08/09:

- 6.1. TAB Club Analysis – All Codes
- 6.2. Non-TAB Club Analysis – All Codes
- 6.3. Thoroughbred TAB Club P&L summary at 31 March 2010

7. Insurance – Overview including summary of claims

Overview provided in the PowerPoint presentation. Claims have been high although reduced due to better risk management.

Mr. Wayne Milner proposed the short-term focus be withdrawn on non-essential insurance cover such as event cancellation until RQL is in a more favourable financial position.

8. Thoroughbred Draft Financial Statements

Finance Board Report 2.3 tabled for the committee to review prior to inclusion in the board reports.

Mr. Tony Hanmer exited the meeting at 9:45am.

9. Harness & Albion Park Race Draft Financial Statements

The committee **RESOLVED** the draft financial statements for Harness and Albion Park Raceway Joint Venture be accepted subject to auditors' confirmation and confirmation of the treatment of Race Information fees.

Bob Lette/Bradley Ryan

10. TAB Workshop Agenda

The committee proposed the TAB workshop be brought back to 22nd November 2010. Date to be confirmed at next committee meeting.

Mr. Wayne Milner requested further club involvement in providing information or presentation items for the agenda.

11. Monthly Reporting Template to RQL Board

The draft Board Financial Report Template was tabled for discussion.

The Committee discussed and requested inclusion of:

- 11.1. Services to the industry be clearly identified reflecting the return to the industry.
- 11.2. Race Information Fees reports to separate between racing authorities and corporate bookmakers showing net value.
- 11.3. To include a re-forecast budget at 6 and then 9 months.
- 11.4. Cash flow reporting to be moved to the first page of the template.
- 11.5. Cash flow reporting to include a 12 month rolling cash flow
- 11.6. Covenant ratios to include
 - 11.6.1. Capacity to lend
 - 11.6.2. Capacity to borrow

12. General Business

The committee requested going forward:

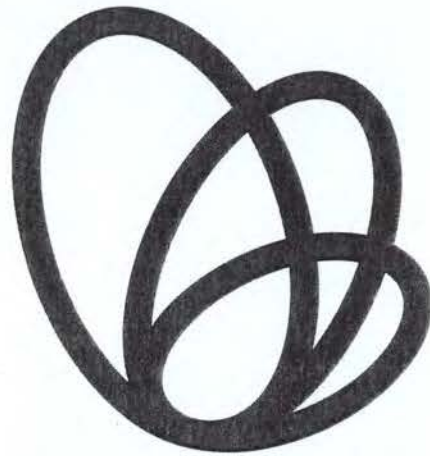
- 12.1. Investment Charter Portfolio to be developed under RQL for inclusion in committee reports.
- 12.2. All Board members to receive a copy of the Audit, Finance and Risk committee reports
- 12.3. Scheduling to be re addressed for approximately 1 week prior to board meeting to enable recommendations to the Board in a timely manner.

The meeting closed at 10:25 am.

Chairman

Date

PRIVATE AND CONFIDENTIAL



RACING QUEENSLAND

Audit, Finance and Risk Committee

MEETING

**Friday 4 February 2011
at 8:00am**



Racing Queensland Limited
A.C.N 142 786 874
Audit, Finance and Risk Committee

Date: 4 February 2011
Time: 8:00am to 9:00am
Venue: Racing Queensland Board Room
Committee Members: Bradley Ryan – Chairman
Tony Hanmer
Bob Lette
Wayne Milner
Attending: Malcolm Tuttle - Chief Executive Officer
Adam Carter - Chief Financial Officer
Ron Mathofer – Business Analyst
Minutes: Ali Wade

A G E N D A

Item	Business	Contact
1.	Confirmation of Minutes 6 December 2010	Chairman
2.	Status of debts owed	Adam Carter
3.	Opening Balances review 1 July 2010 (Update on Day)	Adam Carter
4.	Internal Audit Plan FY 10/11 – Payroll Review	Adam Carter
5.	Overview of RQL Insurances	Adam Carter
6.	Tattersall's Loan Status Update	Adam Carter
7.	Sun 5 Accounting Implementation Update	Adam Carter
8.	Key Dates - RQL Financial Statements FY10/11	Adam Carter
9.	Action Sheet – Follow Up Issues	Adam Carter



Minutes of the Audit, Finance and Risk Committee
Meeting
Monday, 6 December 2010

Racing Queensland Boardroom
Racecourse Road, Deagon

Meeting commenced at 3:25pm
Meeting concluded at 5:25 pm

Committee
Members

Bradley Ryan (Chairman)
Tony Hanmer
Bob Lette
Wayne Milner

Also in
Attendance:

Adam Carter – *Chief Financial Officer*
Ron Mathofer – *Business Analyst*
Clark Jarrold – *BDO Representative (3:25pm to 4:25pm)*

Minutes:

Ali Wade

The meeting commenced at 3:25pm.

Mr Clark Jarrold – BDO representative is in attendance therefore the Chair deemed it prudent to commence with agenda item 9.

9. Opening Balances review 1 July 2010

Mr Clark Jarrold presented the RQL Accounting for the July 1, 2010 acquisition of assets and liabilities of the former control bodies' discussion paper along with 3 appendices.

Mr Jarrold highlighted the main issue for discussion is the treatment of the valuation of assets dependant upon which AASB is applicable and reporting thereof.

The Committee decided further background work to be compiled to provide a better understanding to ensure RQL is compliant in the treatment and reporting of assets and liabilities from 1 July 2010.

Mr Jarrold recommended the utilisation of the reduced disclosure regime for the annual financial statements year ending 30 June 2011 to simplify and assist with reporting.

Follow Up:

1. Mr Adam Carter to assess and report on RQL's status for financial reporting and seek legal confirmation from David Grace of Cooper Grace Ward.
2. Recommended status to be put forward for the next Board meeting Friday, 4 February 2011.

Mr Jarrold exited the meeting at 4:35pm

1. Confirmation of Minutes 5 August 2010

The Committee **RESOLVED** that the RQL Audit, Finance and Risk Committee Meeting Minutes of 5 August 2010 be received and confirmed.

MOVED by Chairman Mr Bradley Ryan, **CONFIRMED** by Mr Tony Hanmer.

2. Audit, Finance and Risk Committee Charter

The Committee **APPROVED** the Audit, Finance and Risk Committee Charter be sent to the Board for approval.

3. Risk Management Policy

The Committee **APPROVED** the Risk Management Policy subject to the following changes:

- 3.1. Amend title to 'RQL Risk Management Policy for Race Clubs'
- 3.2. p.2 Policy statement point 2 amend to 'providing guidance to appropriate risk management procedure'
- 3.3. p.6 amend Albion Harness Racing Club to 'Albion Park Harness Racing Club'
- 3.4. p.7 Include final point from TAB Clubs to Strategic non-TAB clubs

Follow Up:

1. Mr Carter to provide RQL's Risk Management Policy (internal) to a future Audit meeting along with an updated Risk Register.

4. Investment Policy

The Committee **RECOMMENDED** a further review of the Investment Policy to be provided in the next 6-9 months to scope the inclusion of:

- 4.1. A timeline for CFO delegation for withdrawal of funds, to include checks and balances
- 4.2. Inclusion of liquidity and management process

The Committee **DIRECTED** the removal of Bank West as a financial Institution to be used in the assessment of better investment options.

Follow Up:

1. Mr Carter to provide a further review of the Investment Policy to a future Audit meeting following feedback from the audit committee

5. Schedule/Overview of Current Assets

The Committee **RECOMMENDED** the investments currently with the Queensland Treasury Corporation (QTC) to remain for the short term future and to be re addressed at a later date in line with the investment policy above and the proposed Infrastructure plan.

6. Internal Audit Plan FY 10/11

The Committee **APPROVED** the Deloitte Internal Audit Plan FY 10/11 subject to the following:

- 6.1. Deferral of Fixed Assets to a later date given the pending decision on the accounting for the 1 July 2010 acquisition of Assets and Liabilities.
- 6.2. Assessment of the days attributed for the prizemoney distribution audit

7. Tattersall's Loan

The Committee **APPROVED** the draft letter to Tattersall's to be sent out accordingly.

8. Status of Debts Owed

The Committee **NOTED** the status of debt owed as at 31 October 2010.

General Business

The committee decided the future meeting dates as follows:

- Friday, 4 February 2010
- Friday, 6 May 2010
- Friday, 5 August 2010
- Friday, 7 October 2010

The meeting closed at 5:25 pm.

Chairman

Date

**AUDIT PAPER NUMBER 2:
Status of Debts Owed**

PURPOSE:

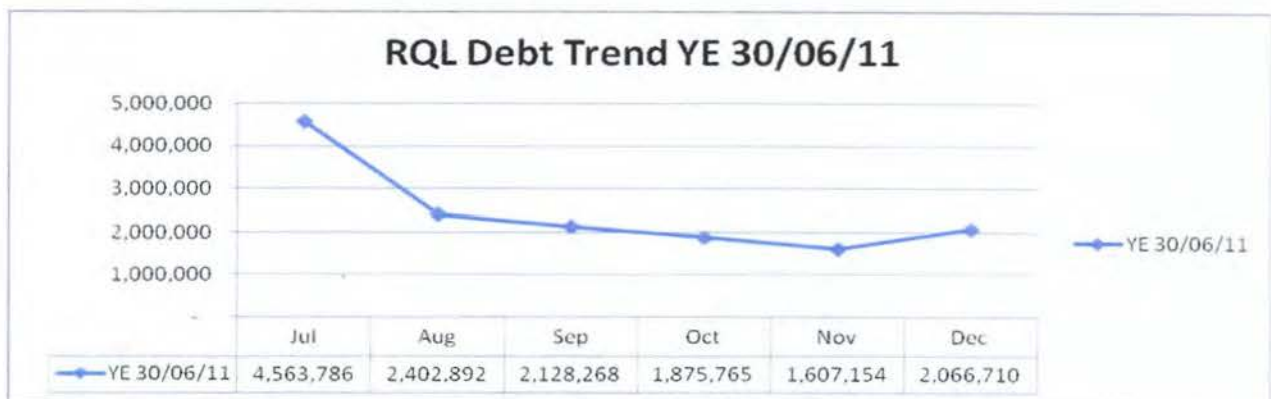
To update the Audit Committee of RQL's debt owed as at 31 December 2010.

BACKGROUND AND ISSUES:

RQL continues to adhere to the current debt collection process as per the RQL credit policy.

Section 1: Debt Position and Trends

Note: Race Information Fees has been reported on separately in Section 2 of this report and are not included in the following figures



The overall debt trend has declined by 45% from 1 July 2010.

Overall Aged Debt Position as at 31 December 2010

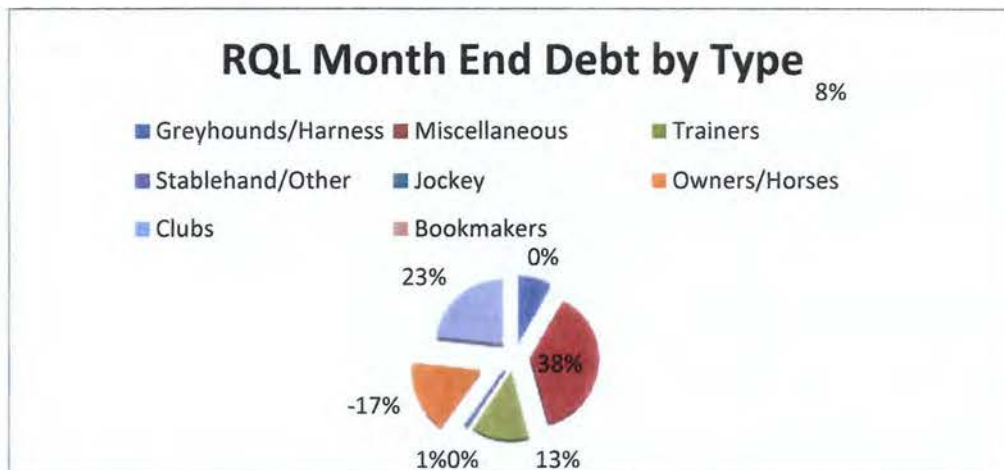
Type	Total	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121 - 150 Days	151 - 180 Days	181 - 210 Days	> 210 Days
As at 31 December 2010									
Greyhounds/Harness	252,421	-261,873	490,377	35,718	-85,321	2,898	50,469	1,073	19,080
Miscellaneous	1,185,950	1,168,250	-50	924	1,002	628	111	1,700	13,386
Trainers	419,216	304,235	2,516	4,733	33,923	33,801	2,765	-563	37,806
Stablehand/Other	4,903	271	400	350	450	350	500	0	2,582
Jockey	11,604	-13,163	3,121	335	1,726	327	7,961	221	11,076
Owners/Horses	-534,900	-567,173	-4,934	6,279	12,199	638	2,595	2,020	13,476
Clubs	727,036	139,487	-84,762	-96,967	-41,895	-4,507	71,497	7,882	736,302
Bookmakers	479	285	0	60	0	5	0	77	52
Total	2,066,710	770,318	406,669	-48,568	-77,917	34,140	135,898	12,410	833,760
		37%	20%	-2.4%	-3.7%	1.7%	6.5%	0.9%	40%

Club Debt of \$0.73m is the significant outstanding type in the >210 day category. Of this amount \$0.54m is for the Toowoomba Turf Club (TTC) for outstanding maintenance, additional track material and extensions to the 350 metre chute. Amount outstanding at 31 Jan 2011 \$0.27m. The Cairns Jockey Club (CJC) is the other considerable item at \$0.16m. Amount outstanding at 31 Jan 2011 \$0.16m. The monthly operational and administration subsidies are currently being withheld by RQL to offset the debts owed by the TTC and CJC which is reflected in the credit balances through the 31-150 day ageing band.

All amounts greater than 90 days will be rigorously monitored and the following actions will be undertaken to recover the debt as per the RQL credit policy:-

1. RQL process including monthly statements, overdue letters and inclusion on the nomination exclusion list for applicable licensees
2. Referral to debt Collection Agency
3. Recommendation to the Forfeits List

A debtor's status will be provided at each meeting to ensure that the provision for bad debts as at 30 June 2011 is kept to a minimum.



The negative balance of 17% for owner type is attributed to SWAB payments held on account whilst awaiting clearance from the Racing Science Centre.

The miscellaneous type at 38% is largely attributed to an invoice for the Office of Racing in the 0-30 day ageing band of \$1.2m for the training track grant and incentive.

Section 2: Race Information Fees

Account	Name	Total	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121 - 150 Days	151 - 180 Days	181 - 210 Days	> 210 Days
TWACTTA000	ACTTAB LIMITED	\$6,798.80	\$6,424.83	\$0.03	\$0.00	\$0.00	\$373.89	\$0.00	\$0.00	\$0.05
TWBETST000	BETSTAR	(\$22,601.86)	\$0.00	(\$22,601.86)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TWLUXBE000	LUXBET	\$43,202.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$43,202.59
TWNTTAB000	NT TAB	\$377.73	\$377.73	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TWSATAB000	SA TAB	(\$376.65)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$376.65)	\$0.00
TWTABCO000	TABCORP	(\$0.02)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.02)	\$0.00
TWTABLI000	TAB LIMITED	(\$0.01)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.01)
TWTHETO000	THE TOTE	\$195,988.45	\$195,988.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TWWATAB000	WA TAB	(\$20,872.60)	\$0.00	\$0.00	\$0.00	\$0.00	(\$8,109.75)	\$0.00	\$0.00	(\$12,762.85)
TOTAL		\$202,516.43	\$202,791.01	(\$22,601.83)	\$0.00	\$0.00	(\$7,735.86)	\$0.00	(\$376.67)	\$30,439.78

Up to 31 December 2010, Race Information fees are paid by Recipient Created Tax Invoice by the licensee. Adjusting entries for year end balances due to the current month by month threshold and calculation thereof are the remaining balances on debtor's account of \$6,527.98

The exception is currently for Tote Tasmania which pays on Tax Invoice once information is provided by the licensed operator. The Tote Tasmania has a current debt on account of \$195,988.45 in the 0-30 day ageing band. The total Race Information Fees for licensed operators at 31 December 2010 is \$202,516.43

Accruals have been taken up for Betstar to 31 December 2010 of \$64,505.29 as RQL is currently in negotiations to secure a Deed of Settlement and license with RQL. Betstar has paid amounts to \$22,601.86 and has confirmed that this credit will remain on account until the Deed is finalised.

No accruals for any of the codes have been taken up for non-licensed operators with the exception of Betstar.

LEGAL IMPLICATIONS:

Not Applicable

STAFF IMPLICATIONS:

Not Applicable

OTHER STAKEHOLDER IMPACTS:

Not Applicable

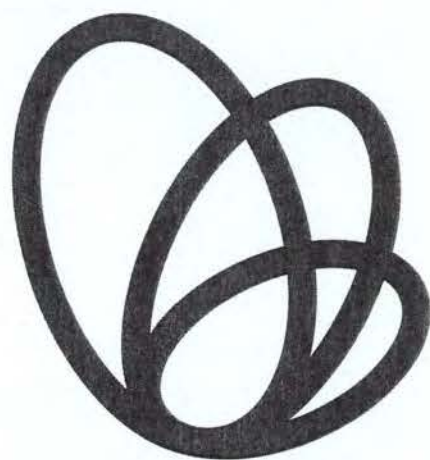
DECISION REQUIRED:

1. The Audit Committee to NOTE the status of debt as at 31 December 2010.



ADAM CARTER
Chief Financial Officer

Actioning Officer: Ali Wade



RACING QUEENSLAND

**Agenda item
3**

To be tabled at meeting

**AUDIT COMMITTEE PAPER NUMBER 4:
Internal Audit Update – Payroll Processing Review**

PURPOSE:

To provide the Committee the Internal Audit review of the RQL Payroll Policies and issues highlighted by Deloitte's and to enable further discussion.

BACKGROUND AND ISSUES:

As part of the internal audit plan for FY1011, Deloitte were asked to conduct a review of the RQL Payroll process and the integration of the 3 racing codes and advise on business improvement opportunities.

The draft report with management comments as at December 22, 2010 is attached for reference for detailed key findings and management comments

The engagement objective was to evaluate selected controls taking into consideration as to whether the controls have been adequately designed, communicated and are operational where appropriate.

The review areas included:

- Data conversion of payroll systems into Micropay
- Payroll data integrity
- Practices and procedures in payroll are complete and valid
- Controls for managing payroll have been adequately established in Micropay, including:
 - Payroll master file maintenance (commencements are correctly administered)
 - Recording time and calculating payroll
 - Leave management
 - System access / segregation of duties
 - Reconciliation with General Ledger.

This included personnel previously employed in Harness Racing Queensland (Harness), Greyhounds Queensland Limited (Greyhounds) and Rockhampton Jockey Club (RJC).

A summary of the findings are:

	Finding	Residual Risk rating	Status since Audit
1.	Migration of employee data	Moderate	Underway – To be finalised by 28 Feb 2011
2.	Timesheet submission and approval process	Moderate	Underway – To be finalised by 1 April 2011
3.	Micropay employee master file audit report	Moderate	Underway – To be finalised by 28 Feb 2011
4.	Payroll policy and procedures	Low	Underway – To be finalised by 28 Feb 2011
5.	Leave request submissions using ConnX	Low	Underway – To be finalised by 28 Feb 2011 with new SOE
6.	Payroll system access	Low	Underway – To be finalised by 28 Feb 2011 – working with the Payroll Solutions

Residual Risk Rating
Extreme – Poor or no controls. Pervasive and systematic weaknesses identified
Major – Significant control weaknesses identified
Moderate – Several control weaknesses of concerns identified.
Low – Small number of minor control weaknesses / opportunities for improvement identified
Minor – minimal opportunities for improvement identified

It is to be noted that Thoroughbred and Harness both used Meridian/Micropay and there was a segregation of duties between the preparation of the contracts and rates to the users who processed and input the data. The information was checked by the Corporate Services Accountant as well as the CFO when payment was made.

It is to be noted that all casuals were issued contracts across the 3 codes where no casual contracts existed previously for the Harness and Greyhounds.

Casual Employees are cyclical and would be loaded up into the system. Club maintenance staff have proved to be an issue in returning contracts on time for example Rockhampton. Rule now is no signed contract no pay. Strict reviews have been implemented to ensure the integrity of the data is checked.

Existing procedures will be updated in the for the RQL process.

Efficiencies around the time sheet process will be reviewed with an option to consider using ConnX or using a rostering system which RISA have. This will need to be scoped and a cost benefit analysis undertaken.

Finance will work with the RQL management team to address the recommendations and incorporate these into RQL's existing policies and to be implemented by the next audit meeting and payroll review.

OPTIONS:

Not applicable.

FINANCIAL IMPACT:

4 Days at \$1,565 per day = \$6,260

LEGAL IMPLICATIONS:

Not Applicable

STAFF IMPLICATIONS:

Not Applicable

OTHER STAKEHOLDER IMPACTS:

Not Applicable

COMMUNICATION STRATEGY:

It will be important that RQL communicates any changes to payroll policies and procedures effectively and consistently to all staff by way of email, letters to employees, placed on intranet and training workshops to be held for the new policies and procedures.

DECISION REQUIRED

To be noted by the Audit Committee with an update of action items to be provided at the May 2011 meeting.



Adam Carter
CHIEF FINANCIAL OFFICER

Racing Queensland Limited

Payroll (Phase 1)

December 2010

Ref: 308550

Draft Version 1.0

Distribution

Party	Title
Adam Carter	Chief Financial Officer

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Mr Adam Carter
Chief Financial Officer
Racing Queensland Limited
PO Box 63 Sandgate QLD 4017

22 December 2010

Dear Adam,

Re: Internal Audit – Payroll (Phase 1)

Please find attached the draft report for our recently completed phase one of the internal audit engagement relating to Payroll, which forms part of the internal audit plan set by the Audit Committee for the 2010/2011 financial year.

We would like to take this opportunity to thank you and your staff for the co-operation which we have received in performing this engagement. Should you have any questions or which to discuss anything further, please contact Jason Swemmer on (07) 3308 7102 or me on (07) 3308 7046.

Yours sincerely

Carl Gerrard
Partner
Risk Services

Table of Contents

1	Executive Summary	1
2	Detailed Findings	4
	Appendix A – Timesheets	12
	Appendix B – Risk Ratings	15

Inherent Limitations

The Services provided are advisory in nature and do not constitute an assurance engagement in accordance with Australian Standards on Review or Assurance Engagements or any form of audit under Australian Auditing Standards, and consequently no opinions or conclusions intended to convey assurance under these standards are expressed.

Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. The matters raised in this report are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made.

Our work is performed on a sample basis; we cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud.

Any projection of the evaluation of the control procedures to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Recommendations and suggestions for improvement should be assessed by management for their full commercial impact before they are implemented.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy, or reliability is given in relation to the statements and

representations made by, and the information and documentation provided by Racing Queensland Limited (RQL) personnel. We have not attempted to verify these sources independently unless otherwise noted within the report.

Limitation of Use

This report is intended solely for the information and internal use of RQL in accordance with our letter of engagement of November 2010, and is not intended to be and should not be used by any other person or entity. No other person or entity is entitled to rely, in any manner, or for any purpose, on this report. We do not accept or assume responsibility to anyone other than RQL for our work, for this report, or for any reliance which may be placed on this report by any party other than RQL.

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1 Executive Summary

1.1 Objective and scope

As part of the 2010/11 Internal Audit Plan for Racing Queensland Limited (RQL), Deloitte Touche Tohmatsu has completed the first phase of a two phase assessment of RQL's payroll processes.

The objective of the engagement was to assess the adequacy of controls around the payroll procedures in place at RQL and to make recommendations for improvement opportunities within identified controls. The engagement focused on the following:

- Data conversion of payroll systems into Micropay
- Payroll data integrity
- Practices and procedures in payroll are complete and valid
- Controls for managing payroll have been adequately established in Micropay, including:
 - Payroll master file maintenance (commencements are correctly administered)
 - Recording time and calculating payroll
 - Leave management
 - System access / segregation of duties
 - Reconciliation with General Ledger.

This included personnel previously employed in Harness Racing Queensland (Harness), Greyhounds Queensland Limited (Greyhounds) and Rockhampton Jockey Club (RJC).

1.2 Background

On 1 July 2010 the three Queensland racing codes of thoroughbreds, harness and greyhounds amalgamated into a centralised control body, Racing Queensland Limited (RQL).

All employees were transferred across to RQL's payroll system (Micropay) with the amalgamation, as outlined in the table below.

Previous Entity	Number of migrated staff	Previous payroll system	Migration date
Harness Racing Queensland	133	Micropay	1 Jul 2010
Greyhounds Queensland Limited	29*	MYOB	1 Jul 2010
Rockhampton Jockey Club	9*	MYOB	1 Aug 2010
Total migrated staff	171		

*: these employees were manually setup in RQL's Micropay

As part of the amalgamation, all employees regardless of their racing code were provided with an RQL offer of employment that included RQL terms and conditions and employee entitlements such as remuneration values, hourly rates (for casual employees), additional benefits and leave entitlements. Relevant employment conditions and entitlements were set up in Micropay accordingly.

1.3 Work Performed

We performed the following:

- Determined the availability and compliance of relevant payroll policy and procedures
- Based on discussions with relevant personnel, performed a walkthrough of the data conversion / migration process for establishing the new employees who transferred from Greyhound and Harness. This specifically included examining leave balances, salary rates and other entitlements
- Examined applicable controls including audit reports of changes to payroll master files, approval / review process of establishing new employees and bank details
- Selected a sample of 15 new employees (who transferred from Greyhound, Harness and the Rockhampton Turf Club) and examined whether the following transactions comply with relevant policy and / or procedures
 - Payroll master file maintenance (i.e. commencements are correctly administered, payroll information are consistent against employees' RQL contracts including leave entitlement and salary amounts)
 - Recording time and calculating payroll (timesheet submission and approval process)
 - Leave management (leave request and approval process)
- Selected three months from the 2010/11 financial year to date and examined the reconciliation of Micropay with the General Ledger
- Examined general system access to Micropay and the segregation of duties around payroll processing

1.4 Key findings and recommendations

The results indicated the following moderate risks are not being managed, due to either weaknesses in the design of control activities or because the control is not operating as designed. Where we have identified significant opportunities for business process improvement, these are listed:

- Migration of employee data
- Timesheet submission and approval process
- Micropay employee master file audit report.

Descriptions of these three moderate risk findings are included in Section 1.5 (Summary of Key Findings). In addition three low risks were identified. Further details of these risks are contained in Section 2.

A recommended course of action has been agreed with management for each of these risks.

Risk

organisation to RQL employees and stakeholders across the racing codes and clubs.

Management Action Plan

Action: RQL will perform the following:

- Implement a timesheet policy that stipulates timesheet submission and approval requirements to be enforced by RQL
- Develop a standardised timesheet form for all racing codes and clubs, to improve payroll processing efficiency and consistency of timesheet information being collected
- Investigate the implementation of an electronic timesheet submission process using the existing system (Connex) for all RQL employees who are required to submit timesheets. Connex offer a similar functionality that may be configured to suit RQL's timesheet submission requirements. RQL will consider having designated authorised supervisors at race clubs for submitting timesheets into Connex on behalf of other employees who do not have access to a computer connected to the RQL local network.

Action Target Date: TBC

Action Owner: Murray Dyke (Corporate Services Accountant) and Kees van der Waal (Senior Finance Officer)

DRAFT

2.3 Micropay employee master file audit report

Residual Risk Rating	Primary Cause
Moderate	Technology

Risk

Since the amalgamation, the employee master file audit report was not being generated and / or reviewed on a periodic basis. Prior to the amalgamation, the audit report was generated and reviewed monthly by QRL, which lists out all changes made to the employee master file. This includes changes to employee bank account details, salary rates and other entitlements.

In addition, we observed that the employee master file audit report did not accurately identify the user account making the changes in Micropay. Specifically, the audit report listed the Accounts Payable Officer to have made a large number of changes to the employee master file. We confirmed the Accounts Payable Officer did not make these changes and that this was caused by an error in the system. The Accounts Payable Officer was previously set up as a user in Micropay as a backup, but has never used or been trained to use the system. While this issue has been previously raised to Micropay (the vendor), prior attempts to resolve this issue (including deleting the Accounts Payable Officer's account from Micropay) have not been successful.

RQL has no reliable source to identify the user responsible for making inappropriate or unauthorised changes to bank accounts or pay rates in the employee master file. Fraudulent, unauthorised or accidental modification to the employee master file (including bank account details and salary rates) may not be detected without a reliable audit report that is generated and reviewed on a regular basis. There is also an increased importance for this audit report to show accurate information as RQL now has three employees who have full access to modify the employee master file (previously two employees have full access prior to the amalgamation).

Management Action Plan

Action: RQL will investigate further in conjunction with Micropay to resolve the issue with the audit report. The audit report will be generated on a monthly basis once this issue has been resolved. The report will be reviewed and signed off by the Accountant monthly.

Action Target Date: TBC

Action Owner: Murray Dyke (Corporate Services Accountant) and Kees van der Waal (Senior Finance Officer)

2.4 Payroll policy and procedures

Residual Risk Rating	Primary Cause
Low	Policies & Procedures

Risk

Prior to the amalgamation of the three racing codes, QRL had documented policy and procedures around its payroll process. Since the amalgamation, we noted that the previous QRL payroll policy and procedures are no longer applicable due to the significant changes made to the payroll process. This included the introduction of fortnightly pay runs in addition to monthly pay runs and different timesheet submission / processing (refer to finding 2.2 for more details).

We acknowledge that RQL is in the process of streamlining and finalising its payroll processes. Payroll processing is currently performed by the two payroll officers who were previously employed by QRL and Harness. Due to their understanding of the payroll process for their respective racing codes, we noted the two payroll officers are not fully aware of the processing requirements across other racing codes or clubs, to be able to perform the full payroll process for RQL. For example, the Harness payroll officer continued to focus on processing payroll and timesheets for Harness employees, but not involved in regularly processing the other racing codes' payroll and timesheets. We acknowledge this was done for processing efficiencies purposes.

Without adequate policy and procedure documentation, there is lack of guidance on the accepted payroll procedures, increasing reliance on the knowledge of the two payroll officers to process each pay run. Important controls around the payroll process may not be performed and delays may occur in processing should one of the payroll officers is absent.

Management Action Plan

Action: RQL will develop policies and procedures that are representative of the current RQL payroll processes to ensure that payroll processing is performed consistently.

Payroll officers will share responsibilities to process payroll across the various racing codes and clubs, utilising the documented policy / procedure as guidance. This will assist them in gaining understanding and familiarity of processing requirements for all employees regardless of their racing code or club. This will also allow for efficiencies to be realised and reduce the risk of processing delays during the absence of either payroll officer.

Action Target Date: TBC

Action Owner: Murray Dyke (Corporate Services Accountant) and Kees van der Waal (Senior Finance Officer)

2.5 Leave request submissions using Connex

Residual Risk Rating	Primary Cause
Low	Technology

Risk

Connex is RQL's employee self service application, which is utilised by RQL employees for many purposes, including the submission of online leave requests.

Manual leave request forms were being utilised by employees who did not yet have access to Connex, as they had not yet been provided with a computer with access to the RQL network. We acknowledge the payroll team has set up all RQL employees in the Connex organisational structure, which is required for the automated workflow feature that forwards employees' leave requests to their respective managers for approval.

As a result, leave request forms need to be processed manually by payroll officers, reducing the efficiency and increasing the time taken to process payroll.

Management Action Plan

Action: RQL is in the process of upgrading all PC hardware for all employees. Once this is completed, all employees will have access to Connex and be able to submit leave requests online.

Action Target Date: TBC

Action Owner: David Rowan (IT Manager)

2.6 Payroll system access

Residual Risk Rating	Primary Cause
Low	Technology

Risk

We observed the following system access to Micropay:

- The Accounts Payable Officer was provided with full system access to Micropay. We confirmed the Accounts Payable Officer is set up as a user in Micropay as a backup, but has never used or been trained to use the system. The user account was deleted from Micropay during our engagement
- Full access to Micropay is granted to the Chief Financial Officer, Senior Finance Officer, Human Resources Officer and Corporate Services Accountant. We confirmed that access by the Chief Financial Officer was not used and is no longer required. Furthermore, there are opportunities for RQL to further segregate the level of access between the Senior Finance Officer, Human Resources Officer and Corporate Services Accountant
- There are two active system user accounts: 'built-in system administrator' and 'built-in system agent'. The Corporate Services Accountant utilise the 'built-in system administrator' account to add or remove other users. However, we were unable to confirm who had access to the 'built-in system agent' and the purpose of establishing the user account.

Better practice access to payroll, including the ability to add employees and change employee master file data, should be limited to only a few authorised individuals. Granting full access to payroll information to more employees than needed increases the risk of unauthorised access and modification to confidential payroll information.

Management Action Plan

Action: RQL will perform the following:

- The Chief Financial Officer's access to Micropay will be removed, as this is no longer required
- Review the user access permissions in Micropay and consider reducing the full access to limit / restrict certain functionalities to the selected payroll officers
- Identify who has access to the 'built-in system agent' account and confirming whether this user account is required.

Action Target Date: TBC

Action Owner: Murray Dyke (Corporate Services Accountant)

Appendix A – Timesheet Template Examples

Below is an extract of timesheets taken from the fortnightly payroll run performed for the period ending 28 November 2010.

28-NOV-2010 MON 08:56 QUEENSLAND RACING CRA FAX NO. 0749221027 P. 06
 Selected timesheets for payroll run dated period ending 28 Nov 2010. 7029 [m] 3/12/10 AC
 OFFICIAL TIMESHEET

Name: Roy Bob
 Location: Rockhampton
 Fortnight Ending: 28/11/2010

RACING QUEENSLAND

Date	Morning		Afternoon		Time	Time & Half	Double Time	Other Allowances
	Start	Finish	Start	Finish				
15-Nov	8:00am	1:00pm	1:30pm	4:00pm	7.6			
16-Nov	8:00am	1:00pm	1:30pm	4:00pm	7.6			
17-Nov	8:00am	1:00pm	1:30pm	4:00pm	7.6			
18-Nov	8:00am	1:00pm	1:30pm	4:00pm	7.6			
19-Nov	8:00am	1:00pm	1:30pm	4:00pm	7.6			
20-Nov	7:30am	10:30				3.		
21-Nov					38	3		
22-Nov	8:00am	1:00pm	1:30pm	4:00	7.6			
23-Nov	8:00am	1:00pm	1:30pm	4:00	7.6			
24-Nov	8:00am	1:00pm	1:30pm	4:00	7.6			
25-Nov	8:00am	1:00pm	1:30pm	4:00	7.6			
26-Nov								
27-Nov								
28-Nov					38	3		
					76.0	3		

Authorised by Employee: R. Bob
 Signature: 29.11.10

Authorised by Supervisor: [Signature]
 Signature: 29.11.10
 PAYROLL PROCESSED 29 NOV 2010
 [Signature]

Example 1

Category: Full-time Permanent Employee

Position: Ground Staff

Location: Rockhampton Jockey's Club

Racing Code: Thoroughbred

RACING QUEENSLAND

RQ RACE BOOK SERVICES CASUAL STAFF

Name: Adam Baff Signature: Adam Baff

Date	Details
15/11/10	REDCLIFFE (WED)
16/11/10	GOLD COAST (THURS)
17/11/10	GOLD COAST (FRI) ALBION PARK (SAT)
18/11/10	ALBION PARK (MON)
19/11/10	ALBION PARK (TUES)
22/11/10	REDCLIFFE (WED)
23/11/10	GOLD COAST (THURS)
24/11/10	GOLD COAST (FRI) ALBION PARK (SAT)
25/11/10	ALBION PARK (MON)
26/11/10	ALBION PARK (TUES)

Approved: [Signature] Signature: [Signature] 29/11/10

G:\QHRL\Finance - QHRL\Payroll\Timesheets\Facebook Services Casuals.doc

Example 2

Category: Casual

Position: Race Book Information Provider

Location: South East Queensland

Racing Code: Thoroughbred

Return Timesheet to Fax: (07) 3269 8268

TIMESHEET (Week Ending: (21-11-2010) Sunday

Please fax your timesheet each Monday. If this timesheet is not submitted pay will not be processed until the following month. Please call on (07) 3669 9747 if you are experiencing problems with getting your timesheet in on time.

CASUAL EMPLOYEE
Name: JIM BAUER

Day	Date	Duties performed	Location
Monday	15-11-2010	STEWARD	ALBION PARK
Tuesday	16-11-2010	STEWARD	IPSWICH
Wednesday	17-11-2010	STEWARD	ALBION PARK
Thursday	18-11-2010	STEWARD	INSPECTIONS
Friday	19-11-2010	STEWARD	ALBION PARK
Saturday	20-11-2010		
Sunday			

Allowances:
(Please attach receipts)

Meals: YES
Travel: NO
Accommodation: NO

By completion of this timesheet, I confirm that I have fulfilled my duties as a Queensland Racing employee for the week and that I am entitled to be paid wages and allowances as indicated.

Employee Signature: J. Bauer Date: 20-11-2010
Authorising Person: Z.T. Bauer Signature: [Signature]

By authorizing this timesheet you acknowledge that:
1. The details shown in this timesheet are correct;
2. The above work was performed in a satisfactory manner.

Example 3
Category: Full-time Permanent Employee
Position: Stipendiary Steward Greyhound
Location: South East Queensland
Racing Code: Greyhound

RQ RACEDAY CASUAL STAFF – RACING OPERATIONS HARNESS MEETING

Venue: ALBION PARK Date: 27/11/10 SAT

Position	Location	Name	Start Time	Finish Time	Travel Time	Total Hrs Claimed	Signature
Stalls Attendant		KEN BARR	4:30	9:00		4.5	[Signature]
Stalls Attendant		PAUL WEAVER RAY CAMPBELL	4:45	9:30		4.75	[Signature]
Drivers Room Attendant			4:45	9:00		4.25	[Signature]
Fluctuation Supervisor							
() Night Foreman		KEN WALZ	3:30	10:30	0.25	7.0	[Signature]
Gate Entrance	Main Gate	V. FERRELL	3:45	8:45		5.0	[Signature]
Gate Entrance	Main Gate	F. HEDSON	16:00	9:00		5	[Signature]
Gate Entrance	Main Gate						
Gate Entrance	Float Gate	R. YOUNG	3:30	8:30		5	[Signature]
Gate Entrance	Float Gate	P. GRANHAM	3:20 PM	8:30 PM		5	[Signature]
Starter							
Judge		TRON SWAN	4:30	9:00		4.5	[Signature]
Video Finish Operator		A. KAYNARD	4:00	9:00		5	[Signature]
Tractor Driver		D. WATSON	4:30	9:00		4.5	[Signature]
() Driver		JEFF BERRY	4:10	9:00		5.75	[Signature]
Water Truck Driver		DENNIS BRENNAN	3:39	9:15	0.25	5.75	[Signature]
Track		ANTHONY BELL	9:00 PM	9:50	0.25	5.5	[Signature]
Track		K. HILLIARD	4:00	9:00	0.25	5.5	[Signature]
Office Administration							

Advertised start time of first race or trial: 5:10 pm.	Actual start time of last race or trial: 8:42 pm.
Race Day Manager: <u>J. Bauer</u>	Signature: <u>[Signature]</u> 29/11/10

Example 4
Race Day Timesheet
Location: Albion Park
Racing Code: Harness

Appendix B – Risk Ratings

The Risk Ratings and Primary Cause Analysis provided in this report were based on the criteria below and have been determined by Senior Management and the Audit Committee as appropriate to allow allocation of resources to the areas of greatest concern.

Individual Residual Risk Ratings

Residual Risk Rating	Financial	Business continuity	Regulatory / Legal	Reputation & Image	WHS
Extreme – Poor or no controls. Pervasive and systematic weaknesses identified	Financial impact above \$1M	Loss of major service capacity for more than 2 weeks (or two days over Carnival period).	Significant legal, regulatory or internal policy failure e.g. severe sanction received.	Ongoing national and/or international media exposure. Extensive ongoing publicised attention from numerous or significant key stakeholders.	Loss of life or permanent incapacitation. Unplanned loss (or extended absence) of a senior executive, or several key staff.
Major – Significant control weaknesses identified	Financial impact between \$500K and \$1M	Loss of major service capacity for less than 2 weeks (or one day over Carnival period).	Major legal, regulatory or internal policy failure e.g. major sanction received.	Extensive ongoing state media exposure. Repeated ongoing publicised attention from numerous or significant key stakeholders.	Serious injury or incident which requires hospitalisation; incomplete rehabilitation achieved. Unexpected loss (or extended absence) of a key staff member with specialist knowledge without which the business is significantly affected.
Moderate – Several control weaknesses of concerns identified.	Financial impact between \$50K and \$500K	Loss of localised service capacity for more than 2 weeks (or up to half a day over Carnival period).	Limited legal, regulatory and internal policy failure e.g. sanction received.	Isolated state media exposure. Attention from a limited number of key stakeholders with restricted publicity.	Injury or incident requiring medical attention with full rehabilitation achieved. Unexpected loss (or extended absence) of a key staff member who is integral to the business with specialist knowledge.
Low – Small number of minor control weaknesses / opportunities for improvement identified	Financial impact between \$5k and \$50K	Loss of localised service capacity for less than 2 weeks (no impact over Carnival period).	Minor legal, regulatory and internal policy failure e.g. minor sanction received.	Local media exposure. Isolated attention from one key stakeholder or a number of minor stakeholders with little or no publicity.	Minor injury or incident which requires medical treatment and loss time. Unexpected loss (or extended absence) of a senior staff member.
Minor – minimal opportunities for improvement identified	Financial impact up to \$5k	Resolution of issue locally without disruption.	Insignificant legal, regulatory or internal policy failure. No sanction imposed.	No media exposure. Isolated attention from a minor stakeholder with no publicity.	Minor incident requiring first aid. Unexpected loss (or extended absence) of a single staff member.

Primary Causes

Primary Cause	Guidance
Compliance	Regulations or legislation with which the organisation has to comply.
Knowledge & People	Staff abilities, intellectual property.
Policies & Procedures	Anything relating to internal operational policies and procedures which have to be complied with.
Structure & Process	Organisational and business processes setup of the organisation to allow it to achieve its goals.
Technology	IT systems and networks, programs and methodologies used to conduct business.

AUDIT, FINANCE AND RISK PAPER NUMBER: 5 Overview of RQL Insurances

PURPOSE:

To update the committee on insurances for Racing Queensland Limited

BACKGROUND AND ISSUES:

- All RQL insurances through broker AON with the exception of Harness Public Liability and Personal Accident
- RQL updated website will include Insurance section for all insurances RQL handles on behalf of the industry

DIRECTORS AND OFFICERS

The Directors and Officers Insurance is currently with the underwriter Ace Insurance Limited.

The cover and policy wording is reviewed annually along with all other insurance policies. In July 2010 the limit of liability was increased from \$10M to \$20M.

Director's and Officer's liability insurance provides cover for the individual director for "Wrongful Acts" committed by directors and officers of the Corporation whilst fulfilling their duties. It also provides cover to the corporation for reimbursement of an indemnity provided to individuals for the aforementioned "Wrongful Acts". It also provides the corporation, reimbursement for payment to its directors and officers for expenses incurred in successfully defending actions based on negligence, default, breach of duty or breach of trust.

The current cover in summary as follows:-

Policy Wording Underwriter	Ace Insurance Limited
Policy Number	04CH006923
Interest Insured	Legal liability of individual directors and officers to pay compensation arising out of a breach of statutory and other obligations.
Insuring Agreement	<p>Directors and Officers Liability The Insurer will pay on behalf of the Insured Persons, Loss which they become legally obligated to pay and for which they are not indemnified by the Insured Organisation for any Claim, provided that the Claim is both first made against the Insured Person and notified to the Insurer during the Policy Period or an applicable Discovery Period.</p> <p>Company Reimbursement The Insurer will pay on behalf of the Insured Organisation, Loss which the Insured Person by way of indemnification as a result of any Claim, provided that the claim is both first made against the Insured Person and notified to the Insurer during the Policy Period or an applicable Discovery Period.</p> <p>Attendance at Investigations The insurer will pay on behalf of any Insured Person, that part of Loss being Defence Costs arising from any official investigation, inquiry or examination into the affairs of the Insured Organisation which involves the conduct of an Insured Person as a director or Officer of the Insured Organisation and which the Insured Person is legally compelled to attend, provided that notice requiring the</p>

Insured Person's attendance was both first given to the Insured Person and notified to the Insurer during the Policy Period or an applicable Discovery Period.

Limit of Liability \$20,000,000 in the aggregate for all loss.

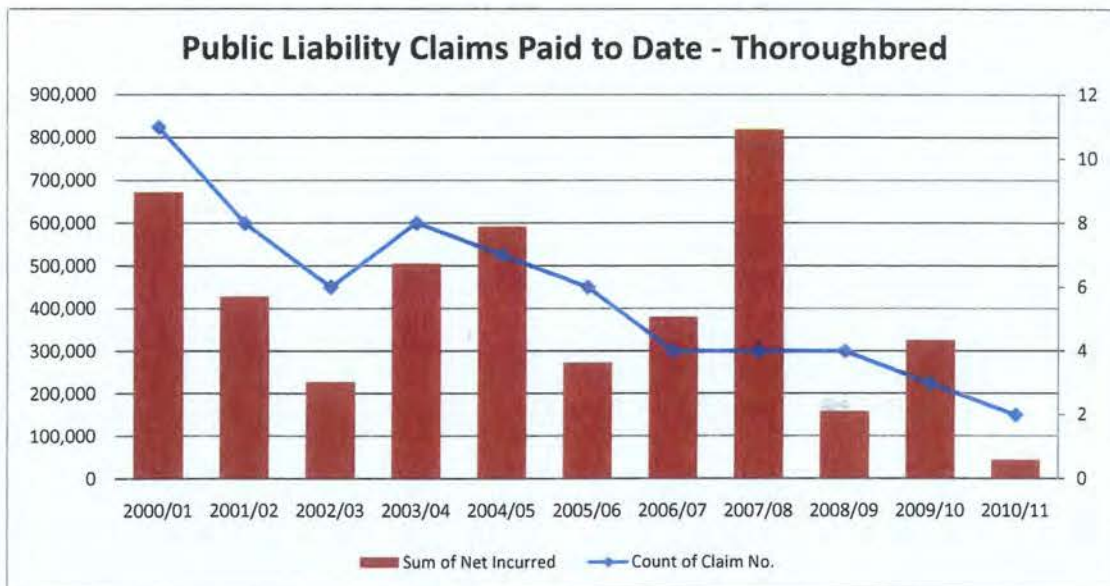
PROFESSIONAL INDEMNITY

- Broker AON
- Covers Veterinarians
- Limit of Liability - \$5,000,000 each and every claim and in the aggregate
- Deductible - \$50,000 each and every claim (inclusive of costs).

PUBLIC LIABILITY INSURANCE

Thoroughbred and Greyhounds

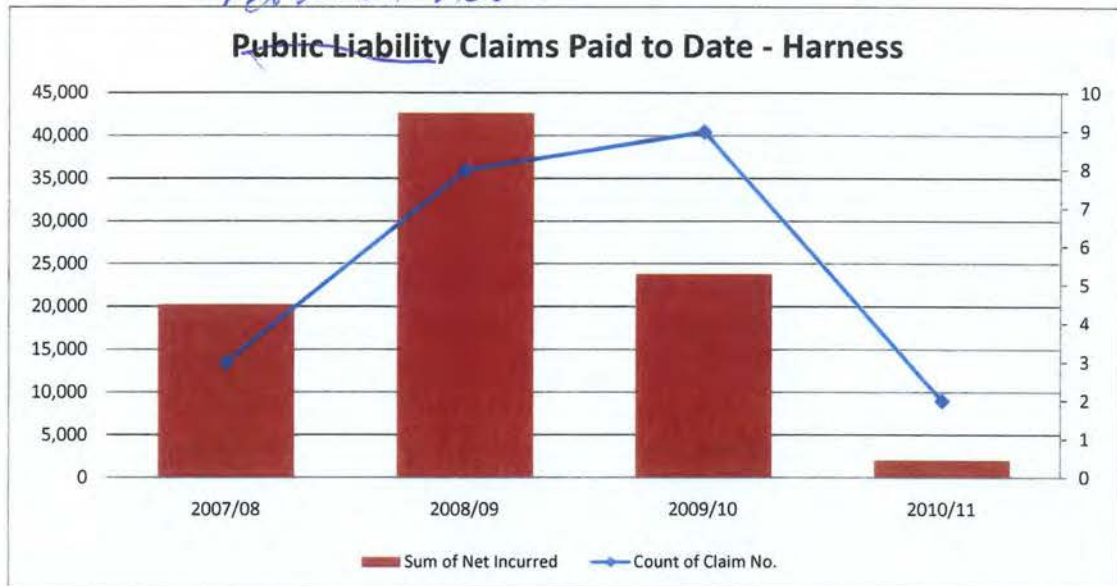
1. Thoroughbred clubs have had a poor claims history over the previous five years which has affected our allocation of the premium in the tri state agreement with Racing Victoria. Racing NSW separate but still through AON.
2. Premium renewal for FY1011 (excluding the recoupement of the \$50K deductible paid by RQL in the absence of any adverse claim events) has seen a 20% increase
3. Claims have mainly been jockey common law claims which are not covered under the Jockeys Workers Compensation Contract of Insurance which RQL takes out on behalf of jockeys currently \$2.2M p/a
4. Queensland year to date has 2 claims made against the current policy which relate to FY0910 with 18 open claims since FY0001– currently active (this is a major improvement). Currently there are no claims subject to the claim at the SCTC on 23 January 2011 – Ken Sawyer
5. RQL is mitigating the claims with better risk management protocols and minimum standards for race clubs
6. The \$50K deductible will be reviewed for FY11/12 with the possibility of a \$25K deductible as well as the formula for allocating premium and deductibles across clubs
7. RQL will continue to strive to get the best premium and adequate cover on behalf of the industry.



Harness

- National Policy through Harness Racing Australia through broker Jardines
- Underwriter Liberty
-

Personal Accident



MOTOR VEHICLE

- Broker AON
- Covers all owned vehicles including Harness and Greyhound clubs, not Thoroughbred clubs. Includes maintenance vehicles at clubs where RQL has partnered with.
- Loss of or Damage to all vehicles now or hereafter owned, used or operated by the Insured or in which the Insured has an insurable interest whilst within Australia or whilst being transported in Australia, and/or Legal Liability

Sum Insured and/or Maximum Loss Limit Market Value at time of loss or damage.

Legal Liability \$30,000,000
Except vehicles carrying dangerous goods
where sum insured is \$500,000

Deductible

\$350 each and every claim plus under age or
new driver deductibles except as shown
below:

Under 21 years of age \$750
Age 21 to 25 years \$500
Over 25 and licensed less than 2 years \$500

BUSINESS TRAVEL

- Broker AON

Underwriter	Ace Insurance Limited
Policy Number	ABTVL001926QLD
Insured Persons	All Employees of the Racing Queensland Limited.
Scope of Cover	Covering the Insured Persons against the Compensation stated below whilst on and Business Journey. A Business Journey commences from the time the insured person leaves their place of Residence and continues on a 24 hour basis until they return to their place of residence.
Insured Persons	<p>Category 1 Board Members of Racing Queensland Limited; Members of the 8 regional boards; Management and executive staff of Racing Queensland Limited and Chief Stewards</p> <p>Category 2 All other Racing Queensland Limited staff (includes permanent Stewards)</p>
Beneficiary	Insured Persons

WORKERS COMPENSATION JOCKEYS CONTRACT OF INSURANCE (COI)

- This is a significant cost annually of \$2.2M
- Covers all jockeys in Queensland
- RQL funds 90% 10% recouped through the 1% prizemoney
- No other state has the same as Jockeys in Queensland is deemed professional sports persons
- RQL has been worked Aon and RQL internal staff to manage the claims which Senior Corporate Counsel does with her team to ensure they return back to work as soon as possible to minimise the cost of the claim.
- Claims update to be provided on day

INDUSTRIAL SPECIAL RISKS

- A review has been undertaken by AON and RQL to reduce the premium rate to clubs as this ranges considerably amongst the clubs, all clubs including Harness and Greyhounds have been transferred to the new policy since the old policies have expired.
- ISR insurance was secured for all thoroughbred TAB clubs from 1 September 2009 including Cairns Jockey Club saving the industry \$250K or 40% annually
- Period 30 September 2010 to 30 September 2011 through AON on behalf of all TAB race clubs which includes the Thoroughbred, Harness and Greyhound TAB Clubs.

The collective procurement of ISR that was initiated last year with the Thoroughbred TAB Clubs has now been extended to include the Harness and Greyhound TAB codes to achieve further savings for all clubs across the industry.

Collectively the Clubs have enjoyed significant premium savings and coverage enhancements on a collective purchasing model basis as opposed to individually negotiated arrangements. In addition, collectively the Clubs will enjoy a degree of insulation against the immediate effects of the of a significant claim and the longer term effects of a "hardening" (increasing premiums)

global and Australian insurance market as insurers realise lower investment returns, high claims environment and increasing reinsurance costs and begin to pass these costs on to insurance buyers. On a collective basis RQL has secured the services of AON Risk Services (broker who arranges the Qld clubs Public Liability placement) and economies of scale with respect to broker revenue have been negotiated with Aon providing a fee based proposal which not only reflects a saving against existing brokerage/commission based models but does not attract terrorism levies and stamp duty government charges.

ACE Insurance is the lead underwriter with Vero Corporate Property being the co insurer. Vero and Ace have offered the most competitive rates, terms and cover given the significant claims at the Mackay Turf Club due to the cyclone and the fire at the Brisbane Racing Club.

- The ISR policy has been taken out by RQL on behalf of all named TAB clubs and paid by RQL and recouped from the clubs as of the 30 September 2010.
- Racing Queensland takes no fee or benefit for its part in handling claims or in its participation in the management of the fund.
- The ISR policy includes machinery breakdown and engineering cover and if the club has a separate policy, this will no longer be required estimated a further saving.
- Cover also includes flood cover for \$20m with a \$10K deductible therefore covering Albion Park, Rockhampton and Ipswich. This has to be assessed first and an update to be provided at a future board/audit meeting
- Racing Queensland will also pay ACE via AON directly on behalf of the clubs for the completion of a loss control program which will benefit all clubs.

Below is a summary of the insurances – a full summary will be provided on the day and if directors would require further information the CFO has the full policy documentation.



MAJOR INSURANCE	BROKER	INSURER/ UNDERWRITER	POLICY NUMBER	SUM INSURED	DEDUCTIBLE	INCLUSIONS/ EXTENSIONS	EXCEPTIONS/ EXCLUSIONS	NOTES
PUBLIC LIABILITY THOROUGHBRED/GREYHOUND S	AON	QBE Insurance (Australia) Limited Liberty International Underwriters QBE Insurance (Australia) Limited	AT0020475PLB 401312 AT0020551 EXL	\$5M \$95M i.e. \$5M TO \$100M	\$50K	REFER POLICY	REFER POLICY	All thoroughbred and greyhound clubs
PUBLIC LIABILITY HARNESS	JARDINES	LIBERTY	04FX006249 15G012088449	General Liability \$50M any one occurrence. Products Liability \$50M any one occurrence and in the aggregate any one Period of Insurance.	REFER POLICY	INCL AMBULANCE OFFICERS \$5M ANY ONE CLAIM	REFER POLICY	Harness Racing Australia
INDUSTRIAL SPECIAL RISKS (ISR)	AON	ACE/ VERO	04FX006249 15G012088449	\$150M any one loss	Flood \$10K All weather perils north Gympie \$25K	Flood Cover	BI – Gross Revenue	Includes all TAB clubs, thoroughbred, Harness and Greyhounds
PROFESSIONAL INDEMNITY	AON	Vero Insurance Limited	LPP009984138	\$5,000,000 each and every claim and in the aggregate.	\$50,000 each and every claim (inclusive of costs).	Loss of docs Continuous Cover Inquiry Costs (limit \$100k) Dishonesty of Employees Automatic Reinstatement Joint Venture	REFER POLICY	

						Liability	
DIRECTORS AND OFFICERS LIABILITY COVER	AON	ACE	04CH006923	\$20,000,000 in the aggregate for all loss	Nil - D&O's attendance at meetings \$10K Company reimbursement each and every claim \$10K Attendance at Investigations each and every claim		Bodily Injury Dishonesty, Fraud &Personal Profit Pollution
MOTOR VEHICLE	AON	VERO	MSL03242032	\$30M	\$350 EACH AND EVERY CLAIM		REFER POLICY All RQL owned vehicles excluding leased vehicles
WORKCOVER	WORKCOVER	WORKCOVER					Jockeys
WORKCOVER	WORKCOVER	WORKCOVER					RQL Staff

CONTROL BODY FUNDS

MAJOR INSURANCE	CLUBS		TRAINERS		JOCKEYS	
	CLUBS	RQL	TRAINERS	RQL	JOCKEYS	RQL
PUBLIC LIABILITY	65%	35%	100%	0%	100%	0%
PERSONAL ACCIDENT	100%	0%	100%	0%	100%	0%
PROFESSIONAL INDEMNITY	OPTIONAL		100%	0%	NA	
WORKCOVER	OPTIONAL		100%	0%	10%	90%

OPTIONS:

Not Applicable

FINANCIAL IMPACT:

To be provided on day

LEGAL IMPLICATIONS:

Not Applicable

STAFF IMPLICATIONS:

Not Applicable

OTHER STAKEHOLDER IMPACTS:

Not Applicable

COMMUNICATION STRATEGY:

Not Applicable

DECISION REQUIRED:

- RQL audit committee to note the report



ADAM CARTER
Chief Financial Officer

**AUDIT PAPER NUMBER 6:
Tattersall's Loan Status Update**

PURPOSE:

To update the Audit, Finance and Risk Committee on the position in relation to the loan from Tattersall's Racing Club to Tattersall's Club Brisbane.

BACKGROUND AND ISSUES:

RQL holds the responsibility of ensuring industry funds are employed for the benefit and advancement of the racing industry, and as such is charged with the determination of the appropriateness of any loan arrangements made to organisations outside the industry.

A loan is recorded in the financial accounts of \$1M from Tattersall's Racing Club to Tattersall's Club Brisbane with terms of 8% interest with no fixed repayment date. It is apparent this loan has been in the accounts of both parties prior to the *Racing Act 2002*.

Discussions and correspondence were entered into with Mr. Michael Paramor AM, Secretary Tattersall's Racing Club in relationship to the loan arrangement between the aforementioned clubs and documentary evidence thereof.

A response to the last letter from RQL dated 6 December 2010 has been received and is enclosed. The date of the letter is 21 January 2010 although received 21 January 2011. The assumption is taken this is a typographical error.

Under the Racing Act 2002 Section 81(t) RQL has formulated a policy on spending by Non Proprietary Licensed Clubs.

In relation to expenditure, race clubs should take particular note of the following requirements contained in the Act and the Financial Management Procedures Manual:

- Section 112 of the Act, provides for Race Clubs to incur expenditure for the encouragement of the code of racing in accordance with any relevant Control Body policies and that Race Clubs must seek written approval from the Control Body to expend amounts of any charitable, benevolent, patriotic or special purpose.
- Appropriate internal control systems should be established to minimise the risk of misappropriation of race club revenues or fraudulent expenditure, and to ensure that financial disclosure of expenditure is not compromised.
- Internal control systems should include clearly documented authorities for the approval of expenditure by race club officers
- All expenditures must be supported by appropriate documentation that must be maintained in accordance with the section on "Safeguarding and Retention of Accounting Records" in the Manual.

In addition to the requirements of the Act and the Financial Management Procedures Manual, a race club must obtain prior approval in writing from the Chief Executive Officer of Racing Queensland before:

- undertaking expenditure on any capital item or capital program in excess of \$50,000, or
- undertaking any expenditure on activities not directly related to the conduct or encouragement of racing.

Activities not directly related to the conduct or encouragement of racing include, for example, investing in property or shares, the establishment of gaming facilities and sponsoring non-racing related events.

Racing Queensland will monitor race clubs' financial management and financial performance.

Given the nature of the unsecured loan and no approval had been sought from the previous principal racing authority and the loans date backs to 1995 and 1997, and have been fully disclosed in the annual financial statements at returns above the standard bank rate the following options should be considered:-

OPTIONS:

1. Approve the unsecured loan and advise the club to have a loan agreement in place signed between the two entities.
2. Do not approve the loan and request the Tattersalls Club to repay the monies to the Racing Club.

FINANCIAL IMPACT:

Not Applicable

LEGAL IMPLICATIONS:

Not Applicable

STAFF IMPLICATIONS:

Not Applicable

OTHER STAKEHOLDER IMPACTS:

Not Applicable

COMMUNICATION STRATEGY:

After considering the options above, RQL to write to the club and advise the club of RQL's intentions

DECISION REQUIRED:

RQL audit committee to review options and to recommend further action to be taken if required.



ADAM CARTER
Chief Financial Officer

215 QUEEN STREET
BRISBANE QLD 4000
GPO BOX 124
BRISBANE QLD 4001



ABN 44 468 727 842
TELEPHONE: (07) 3331 8888
FACSIMILE: (07) 3221 3913
EMAIL: admin@tattersallclub.com

TATTERSALL'S RACING CLUB INC.

21st January 2010

Mr Adam Carter
Chief Financial Officer
Racing Qld Ltd
PO Box 63
SANDGATE QLD 4017

Dear ~~Mr~~ *Adam,* Carter,

I write to follow up a letter last year and subsequent discussions relating to progress towards advising RQL of the governance arrangements relating to the 1990s loan totalling \$1 M from Tattersall's Racing Club (TRC) to Tattersall's Club.

The loan to Tattersall's Club was enacted from mid June 1995 and as outlined below. This loan is an unsecured interest only facility of an unspecified term. This saw transactions as follows that were reflected in Annual Reports of that period:

- Year ended 30 Jun 95. \$700K.*
- Year ended 30 Jun 96. \$100K.*
- Year ended 30 Jun 97. \$200K.*

Key details of the loan were shown in Annual Reports thereby providing visibility to all stakeholders. This practice has continued with details included in both Racing Club accounts and Annual Reports and Tattersall's Club documentation as you would expect.

The loan referred to in your letter represents just one aspect of the multifaceted relationship between Tattersall's Racing Club and Tattersall's Club. This relationship is shaped by the Racing Club being a licensed TAB Club without premises that uses the 'tenant model' acknowledged as having utility by RQL and as such embodies a series of interdependencies that include people and infrastructure as well as this financial issue. It is important to note the 'tenant model' drives differing requirements to those of clubs that operate premises. DLA Phillips Fox has been instructed to review the relationship and advise on governance arrangements noting the interdependency referred to above.



As noted above, the loan by the Racing Club is an unsecured loan with a commercial interest rate set by the Racing Club Committee on advice reflective of market conditions and the nature of the risk. This is done annually or in the event of any unforeseen circumstance that is likely to affect the performance of Tattersall's Club as the recipient of the loan. This annual review is factored into the Racing Club Budget planning process where Budget Assumptions are developed, cleared then the financial effects and risks considered prior to a formal Racing Club Committee resolution to accept and implement such arrangements. The Racing Club meets monthly and the Hon Treasurer, Mr Stuart Fraser, a Chartered Accountant and Principal of Winscourt Investments, a finance broking company in the city, oversees the financial operations of the Racing Club and the loan as an element of that. I am sure you have had the opportunity to review the accounts of the Racing Club, audited by Grant Thornton Audit Pty Ltd, which reflect my comments above.

I invite you to appreciate that the loan was made to a reputable entity that has continued to prosper and strengthen its performance as you would note from anecdotal evidence and formal reporting. This reporting has been audited by Grant Thornton Audit Pty Ltd. Copies of Tattersall's Club Annual Reports can be provided to support my view of the growing strength of the loan recipient, Tattersall's Club. Again this year, the latter will shortly announce another particularly strong result in challenging economic and commercial circumstances.

The loan totalling \$1M was made within the governance framework of the period and the Racing Club has engaged DLA Phillips Fox to review our records to confirm such. It is important to note that the current governance framework that currently applies is far more rigorous now than that which applied in the mid 1990s and am of the view it is not appropriate to measure governance arrangements in the 1990s against today's more and quite appropriately regulated environment.

The Racing Club Committee will shortly consider a 'governance framework' Advice developed by DLA Phillips Fox to address the issues you raise in your letter and I will both keep you updated regarding progress and forward a copy of the Racing Club Committee endorsed document once it is enacted.

I remain the POC.



Michael Paramor-AM
Secretary

6 December 2010

Mr Michael Paramor, AM
Secretary
Tattersall's Racing Club
GPO Box 124
BRISBANE QLD 4001

BY EMAIL: michael.paramor@tattersallclub.com
Original by Post

Dear Mr Paramor,

I write in relation to the letter from Queensland Racing Limited dated 31 March 2010 with regards to the loan arrangement entered into between Tattersall's Racing Club and Tattersall's Club Brisbane for \$1,000,000. Please note a copy of the letter as referenced along with a copy of the notes from Tattersall's Racing Club Incorporated annual financial statements year ended 30 June 2009 specifically relating to the aforementioned loan (note 12) are enclosed for your perusal.

Racing Queensland Limited (RQL) requests a formal response along with, as previously requested, copies of any and all documentation relating to the proposal and subsequent loan agreement entered into. As you can appreciate it is necessary for the Industry control body to be fully aware of all agreements that the member clubs enter into to ensure their appropriateness and structure as well as ensuring that licensed clubs comply with RQL policies.

Given the outstanding nature of the issue we look forward to a prompt response to this request so all parties concerned can head towards a resolution of this matter.

For your information this was discussed at the RQL Audit, Finance and Risk Committee on Monday 6 December 2010.

If there are any queries, please do not hesitate to contact the undersigned on (07) 3869 9702 or acarter@racingqueensland.com.au

Yours sincerely

Tony Hanmer
Director



RACING
QUEENSLAND

Racing Queensland Limited
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31 March 2010



Mr Michael Paramor, AM
Secretary
Tattersall's Racing Club
GPO Box 124
BRISBANE QLD 4001

Queensland Racing Limited
ABN 51 360 599 196
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T 07 3869 9777
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W www.queenslandracing.com.au

BY EMAIL: michael.paramor@tattersallsclub.com
Original by Post

Dear Mr Paramor,

I write in relation to the loan arrangement entered into between Tattersall's Racing Club and Tattersall's Club Brisbane for \$1,000,000 as outlined in the financial reports of both entities, with terms of 8% interest and no fixed repayment date. The loan was raised once more at the Queensland Racing Limited (QRL) committee meeting held 3 February 2010 as an outstanding issue for immediate resolution. I have an audit meeting tomorrow on the 1 April 2010 and will be providing a verbal update.

QRL's concern is that we have not been able to locate any evidence of the loan agreement proposal having been approved by the Queensland Racing Limited Board nor do we hold a copy of any such agreement. As the controlling body it is the responsibility of QRL to ensure industry funds are employed for the benefit and advancement of the racing industry, and as such QRL is charged with determining the appropriateness of any loans made to organisations outside the industry.

As we have no documentary evidence of the agreement entered into by Tattersall's Racing Club with the Tattersall's Club Brisbane we also have no knowledge of the terms and conditions under which the funds were loaned to Tattersall's Club Brisbane.

Could you please forward copies of any and all documentation relating to the proposal and subsequent loan agreement entered into at your earliest convenience? As you can appreciate it is necessary for the Industry control body to be fully aware of all agreements that the member clubs enter into to ensure their appropriateness and structure as well as ensuring that licensed clubs comply with QRL policies.

If there are any queries, please do not hesitate to contact the undersigned on (07) 3869 9702 or acarter@queenslandracing.com.au

Yours sincerely

Adam Carter
Finance Manager

AUDIT PAPER NUMBER: 7
SUN 5 Accounting Implementation Update

PURPOSE:

To update the Audit Committee on the implementation of Sun Systems 5 (SUN 5) to upgrade the outdated SUN 4 systems currently in use at RQL.

BACKGROUND AND ISSUES:

Key Highlights are:

A number of key performance and improvement criteria have been identified by RQL for the new accounting system. These were:

- Reduce re-keying and double handling of transactions
- Improve automation of interfaces
- Improved reporting and distribution of reports
- Enhance and expand existing workflow application
- Streamlined procurement process to control approvals, costs and suppliers
- Consolidate the data from the 3 codes
- Improve the prizemoney process across the 3 codes
- Improved security with levels of access
- Improved Point of Sale – Receipting application

After considering a number of options including Tech 1, Sun Systems 5 has been chosen as the system which best addresses the above criteria. RQL are now working with Professional Advantage (PA) on the implementation of SUN 5. The SUN 5 project team are currently working through the design workshops which will result in the design document which will focus on business process improvement. Once approved, this design document will be the basis for the entire project implementation.

The project will then quickly move into the configuration and data migration phase. In this phase, a test environment is constructed to allow all relevant data to be migrated from SUN 4. Once this data is migrated according to RQL's relevant design features the project will move into the testing and training phase.

In the testing phase, RQL will perform stringent user acceptance testing of all features of SUN 5. At this time training will also begin for all users of SUN 5. Once RQL's project team is completely satisfied with the user acceptance testing, the project will move into the final stage which includes more training and live roll out of SUN 5. The project is being designed and planned for a May 1st 2011 roll out of the live system. Provided there are no significant issues with data migration or testing, both PA and the SUN project team believe the timeline for the project to be achievable.

OPTIONS:

Not Applicable

FINANCIAL IMPACT:

The financial impact of the project from the initial design stages through to go live is currently estimated to cost \$112,255.

The accounting project upgrade was included in the FY1011 budget approved by the board for under systems development improvements on the 1st July 2010.

RQL has dedicated a full time resource in finance to manage this project to ensure that it comes under budget and that person becomes the Systems accountant for SUN 5 so that there is less reliance on outside consultants.

LEGAL IMPLICATIONS:

Not Applicable

STAFF IMPLICATIONS:

There will be significant impact on all levels of RQL staff. The entire Finance team will require significant training as well as working on all stages of the project. The IT department will be heavily involved in all phases of the project. All other departments will be significantly impacted by the changes in the procurement system – IPOS which is an internet based.. The upgraded system is expected to provide efficiencies and enhanced reporting at management levels.

Change management is a significant factor in the entire project.

OTHER STAKEHOLDER IMPACTS:

Enhanced receipting and invoicing systems will improve on the timeliness and information provided to stakeholders, specifically in relation to prizemoney for both the Harness and Greyhound codes. The system will have the ability to email invoices and statements which will cut down on postage and handling.

COMMUNICATION STRATEGY:

N/A

DECISION REQUIRED:

- RQL audit committee to note the current status of the SUN5 upgrade implementation and estimated costs at \$112,255



ADAM CARTER
Chief Financial Officer

Actioning Officer: Murray Dyke

Racing Queensland Limited FY 1011 Audited Financial Statements AGM Action Steps

DUE DATE	Action
11-15 April 2011	Interim BDO Audit - Confirmed
22 Aug to 2 Sept 2011	Provisional Dates - Auditors BDO Finalise Audit of
23 September 2011	Audit Committee meeting and RQL Flying Board minute to approve the RQL Audited Financial Statements
26 September 2011	Audited Financial Statements to Printers
7 October 2011	Audited Financial Statements Printed and sent with notice of AGM required 21 Days prior to meeting (Cut off 30 September 2011)
28 October 2011	AGM Queensland Racing Limited

This will also need to apply to the former control bodies of Harness and Greyhounds.

To be notified:-

1. Audit Committee
2. Board
3. David Rowan and Printers
4. Auditors
5. Banks
6. Office of Racing

RACING QUEENSLAND LIMITED
 (ACN 142 786 874)
Audit, Finance and Risk Committee Meeting
Action Sheet as at 4 February 2011



<i>NO</i>	<i>ITEM</i>	<i>ACTION REQUIRED</i>	<i>ACTION OFFICER</i>	<i>THIS MEETING</i>	<i>COMMENT</i>
1.	TAB Workshop	Schedule meeting and agenda for FY11/12 workshop. Action Items: Common purchasing requirements EIS One – Reporting and KPI's Marketing Risk Management Insurance	Adam Carter	<u>6 May 2011</u>	Deferred date to be proposed and recommended by RQL Board
2.	Risk Management Policy	Update Risk Management Policy Internal and Risk Register.	Adam Carter Mal Tuttle	<u>6 May 2011</u>	
3.	Financial Management Practice Manual (FMPM)	Review Club FMPM incorporating the following: Business Continuity Asset Utilisation HR Policies and Procedures Financial Reporting Revise the wording under Tax basics and employment conditions	Adam Carter	<u>6 May 2011</u>	Finalised and ready to be distributed. Has been reviewed by QRL in February 2010 and reviewed by Deloitte.
4.	Additional Revenue Streams	To seek and provide review of potential revenue streams	Adam Carter	<u>6 May 2011</u>	

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5.	Common Purchasing	Provide report on the possibilities and benefits of a common purchasing system that incorporates clubs	Adam Carter	<u>6 May 2011</u>	
6.	Disaster Recovery	Review Disaster Recovery Plan	Adam Carter/David Rowan	<u>6 May 2011</u>	



Racing Queensland Limited
 A.C.N 142 786 874
Audit, Finance and Risk Committee

Date: 4 February 2011
Time: 8:00am to 9:00am
Venue: Racing Queensland Board Room
Committee Members: Bradley Ryan – Chairman
 Tony Hanmer
 Bob Lette
 Wayne Milner
Attending: Malcolm Tuttle - Chief Executive Officer
 Adam Carter - Chief Financial Officer
 Ron Mathofer – Business Analyst
Minutes: Ali Wade

A G E N D A

<i>Item</i>	<i>Business</i>	<i>Contact</i>
1.	Confirmation of Minutes 6 December 2010	Chairman
2.	Status of debts owed	Adam Carter
3.	Opening Balances review 1 July 2010 (Update on Day)	Adam Carter
4.	Internal Audit Plan FY 10/11 – Payroll Review	Adam Carter
5.	Overview of RQL Insurances	Adam Carter
6.	Tattersall's Loan Status Update	Adam Carter
7.	Sun 5 Accounting Implementation Update	Adam Carter
8.	Key Dates - RQL Financial Statements FY10/11	Adam Carter
9.	Action Sheet – Follow Up Issues	Adam Carter

Minutes of the Audit, Finance and Risk Committee
Meeting
Friday, 4 February 2011

Racing Queensland Boardroom
Racecourse Road, Deagon
Meeting commenced at 8:00 am
Meeting concluded at 9:25 am

Committee Members Bradley Ryan (Chairman)
 Tony Hanmer
 Bob Lette
 Wayne Milner

Also in Attendance: Malcolm Tuttle – Chief Executive Officer
 Adam Carter – Chief Financial Officer
 Ron Mathofer – Business Analyst

Minutes: Ali Wade

The meeting commenced at 8:03 am.

1. Confirmation of Minutes 6 December 2010

Mr Tony Hanmer requested the issue of the treatment of the RQL Opening Balance's be added to the Action Sheet.

The Committee **RESOLVED** that the RQL Audit, Finance and Risk Committee Meeting Minutes of 6 December 2010 be received and confirmed.

MOVED by Mr Wayne Milner
CONFIRMED by Mr Bob Lette

2. Status of debts owed

- 2.1. Mr Adam Carter advised all debtors accounts will be allocated by the next Audit Committee meeting to ensure that the age analysis reflects the true position.
- 2.2. The committee requested a review and report of the debt collection process and credit policy with a view to assessing the viability of outsourcing aged debt to a debt collection agency compared to utilising internal resources in legal and compliance via small claims court.

The Committee **NOTED** status of current debts owed.

Follow Up:

1. Provide Credit Policy and debt collection process to the next Committee meeting
2. Provide a listing of provision for bad debt for FY1011

3. Opening Balances review 1 July 2010

RQL is currently working with BDO on the treatment of opening balances in the financial accounts as at 1 July 2010.

A draft report to BDO is being finalised and the committee requested that this to be provided to the Audit Committee when ready.

Follow Up:

1. The draft BDO report on Opening Balances to be circulated to the committee members
2. Report to be tabled at the next board meeting prior to the next audit meeting on 6 May 2011

4. Internal Audit Plan FY 10/11 – Payroll Review

Two internal audit payroll reviews are set for the current financial year. The first was finalised in December 2010. As per the tabled report there were moderate and low risks identified.

Mr Carter advised that a no employment agreement, no pay policy has been implemented to reduce the risk and further courses of action were underway to minimise risk and collect outstanding paperwork.

The second review in May 2011 will encompass the first and include compliance and a review of long service leave and annual leave.

The committee RECOMMENDED

- 4.1. to prepare and send management response to Deloitte
- 4.2. provide an update to the next Committee Meeting
- 4.3. ensure responsibilities are shared by employees across codes
- 4.4. to review and establish enhanced policies and procedures with focus on club and facility employees
- 4.5. Long term standardisation of employee terms and payments over the next two years

The Committee **NOTED** the Internal Audit Review and were satisfied with the content and outcome of the report given the complexity and timeframe of the amalgamation.

Follow Up:

1. Management response to be sent to Deloitte
2. Update Committee at next meeting
3. Review and establish enhanced policies and procedures with focus on club and facility employees

5. Overview of RQL Insurances

Mr Carter provided an update on the current claims with AON, JLT and Workcover

- 5.1. Full flood cover of \$20M and \$10K excess was recently included on the ISR insurance
- 5.2. Business Interruption Insurance is included in the ISR insurance
- 5.3. Crawford's have been assigned as the assessors
- 5.4. Albion Park, Ipswich and Rockhampton are currently being assessed
- 5.5. Tabled the Harness Public Liability Claims to date
- 5.6. Tabled the Harness Personal Accident Liability Claims to date
- 5.7. Tabled the Jockey Workcover Queensland Claims to date

The Committee requested:

- 5.8. A review to assess whether the Cushion Track implementation had an effect on claims.
- 5.9. A review of Business Travel cover in respect to the inclusion of the 8 original regional boards; the requirements, necessity and wording thereof

- 5.10. To assess practicality of Insurance Tender Options for the FY12/13
- 5.11. A review of the budget in terms of the impact of the current environment and costs associated

Follow Up:

1. Report on number of jockey claims broken down by venue and cushion track
2. Assess Business Travel Cover
3. Look at practicality of tender options for FY12/13
4. Review Insurance Budget for FY11/12

6. Internal Tattersall's Loan Status Update

Mr Bob Lette exited the meeting at 9:10am due to a conflict of interest.

The Committee will **APPROVE** the loan from Tattersall's Racing Club to Tattersall's Club Brisbane subject to

- 6.1. The Club providing a documented loan agreement
- 6.2. Based on standard commercial terms
- 6.3. Received by RQL within 60 days of the notification letter

Follow Up:

1. Mr Carter to draft a letter of notification the Tattersall's Racing Club and distribute to Committee members for review and approval

Mr Bob Lette re-entered the meeting at 9:15am

7. Sun 5 Accounting Implementation Update

The Committee **NOTED** the SUN 5 Accounting Implementation update and expressed concern at the changeover implementation date of 1 May 2011 with no parallel accounting system.

Follow Up:

1. Mr Carter to provide an update of implementation at the next Committee meeting

8. Key Dates - RQL Financial Statements FY10/11

The Committee will look at provisional dates for a Committee meeting to coincide with the provision of the Audited Financial Statements and RQL AGM.

Mr Carter will provide Audit rates at the next Committee meeting.

Follow Up:

1. Mr Carter to provide External Auditor rates per entity at the next Committee meeting.

9. Action Sheet – Follow Up Issues

The Committee **NOTED** the Action Sheet and requested all additional items from this meeting be included.

The meeting closed at 9:25 am.


Chairman


Date