QUEENSLAND RACING COMMISSION OF INQUIRY
Filed pursuant tos 5(1)(d) of the*Commissions of Inquiry Act 1950* (Qld)

AFFIDAVIT OF ANDREW KELLY

Date of document:	26 August 2013
Filed by:	Andrew James Kelly
Address:	C/- Harness Racing Australia Inc Level 1, 400 Epsom Road FLEMINGTON VIC 3031

Affidavit of Andrew James Kelly sworn on the twenty sixth day of August 2013

I, **ANDREW JAMES KELLY** of Level 1, 400 Epsom Road, Flemington in the State of Victoria, Chief Executive of Harness Racing Australia Inc, **MAKE OATH AND SAY:**

BACKGROUND

1. On around 9 August 2013 I received a copy of a notice from the Queensland Racing Commission of Inquiry (**Commission**) established pursuant to the *Commissions of Inquiry Order (No 1) 2013* (**Order**) requiring me to give written information to the Commission by 27 August 2013 (**Notice**).

2. I make this statement in accordance with the requirements under the Notice.

3. I note that annexed to the Notice is a Schedule which, by reference to paragraph 3(a) of the Order (otherwise known as the 'Terms of Reference'), requires me to answer a series of questions relating to my involvement with the 'relevant entities' during the 'relevant period' (**Schedule**).

4. I note that the glossary contained in the Schedule defines 'Relevant Entities' as follows:

   "... 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."

5. I was not involved in each and every one of the 'relevant entities' in the 'relevant period' as defined in the Schedule. I was, however, involved in the following entities as their Chief Executive Officer during the following periods:
   (a) Between 25 September 2006 and July 2008: Queensland Harness Racing Board; and
   (b) Between July 2008 and 25 September 2008: Queensland Harness Racing Limited.
   (collectively referred to as **Queensland HR Entities**)

6. Further I note that the 'relevant period' is defined in the glossary contained in the Schedule as *"1 January 2007 to 30 April 2012"*.

7. As set out in paragraph 5 above, I was involved with the Queensland HR Entities between 25 September 2006 and 25 September 2008 (my **Period of Involvement**).

8. I now address the questions raised by the Commission and contained in the Schedule by reference to each of the headings in the Schedule, being:
   (a) Contract management and financial accountability;
   (b) Management;
   (c) Corporate governance; and
   (d) Any other relevant matter.

9. I make the following statements based on my involvement with the Queensland HR Entities during my Period of Involvement and note that:
   (a) Queensland Harness Racing Board ceased operation in around July 2008 and was substantially absorbed by Queensland Harness Racing Limited following that time; and
   (b) Queensland Harness Racing Limited, to the best of my knowledge, absorbed the same or substantially the same practices, policies and processes as Queensland Harness Racing Board.

CONTRACT MANAGEMENT AND FINANCIAL ACCOUNTABILITY

10. In respect of paragraph 1.1 of the Schedule, I believe that the:
    (a) policies;
    (b) processes;
    (c) guidelines; and
    (d) measures which were used to ensure contracts which were awarded delivered value for money,

    which related to the procurement, contract management and financial accountability of the Queensland HR Entitieswere contained in the financial management practice manual as amended and in force from time to time (**Manual**) and provided to members of each of the boards (the **Boards**). Now produced and shown to me and attached as **Annexure AK-1** is a copy of the Manual as in force on 21 August 2005.

11. I note that the Manual purported to comply with the principles and policies of financial administration contained in the *Financial Administration and Audit Act 1977* and the *Financial Management Standard 1997,* as the Queensland HR Entities were deemed statutory bodies under s 5 of the *Financial Administration and Audit Act 1977.*

12. I believe in respect of the Manual that it was, throughout my Period of Involvement, available for inspection and perusal on the website of each the Queensland HR Entities. I understand that the Manual is no longer accessible online and Annexure AK-1 is the only version of the Manual available to me at this time.

13. A sub-committee, known as the audit committee, was appointed in respect of the Queensland HR Entities. The audit committee would look after the Board's responsibilities in respect of corporate governance and remuneration. To the best of my knowledge, the audit committee:
    (a) met on about a quarterly basis;
    (b) was partly comprised of members of the Boards; and
    (c) would enhance and amend the Manual, with the date of the amendment being noted in the Manual itself.

14. In respect of paragraph 1.2 of the Schedule, to the best of my knowledge, I believe that the policies, processes, guidelines and measures of the Queensland HR Entities were adhered to during my Period of Involvement.

15. In respect of paragraph 1.3 of the Schedule, I note that:
   (a) on 15 August 2013, I contacted Ms Joanne Bugden of the Commission in relation to the Notice;
   (b) in this conversation I queried who Contour Consulting Engineers Pty Ltd (**Contour**) was. Ms Bugden advised that Contour was a Sunshine Coast based engineering company who designed and built race tracks; and
   (c) until my conversation with Ms Bugden, and receipt of the Notice I was unaware of Contour and apart from my knowledge contained above, I am not aware of any dealings with Contour by either of the Queensland HR Entities throughout my Period of Involvement.

16. In respect of paragraph 1.4 of the Schedule, I refer to and repeat paragraph 15 above.

MANAGEMENT

17. In respect of paragraph 2.1 of the Schedule, I note that the following:
   (a) management policies;
   (b) management processes;
   (c) management guidelines; and
   (d) workplace culture and practices

   were contained in the Manual attached as Annexure AK1 and to the best of my knowledge ensured integrity of the Queensland HR Entities and were adhered to during my Period of Involvement.

18. In respect of paragraph 2.2(a) and (b) of the Schedule, I am aware that the senior management teams of the Queensland HR Entities were given a substantial degree of autonomy. I believe that:
   (a) they would meet regularly every 4 – 6 weeks and if the circumstances arose, more frequently (including on a daily basis during the outbreak of the equine influenza);
   (b) any significant decisions relating to the Queensland HR Entities would be referred to the Board for determination and consideration; and
   (c) the exercise of the functions of key management personnel, including the company secretary and integrity matters, were documented in Employment Agreements and/or Committee Terms of Reference;
   (d) Sub-Committees of the Board provided recommendations to the full Board for their approval.

CORPORATE GOVERNANCE

19. In respect of paragraph 3.2 of the Schedule, to the best of my knowledge, the Queensland HR Entities 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 the policies made pursuant to sections 81 and 83(2) of the Racing Act 2000 the Queensland HR Entities during my Period of Involvement; and
    (f) consistently with legislation including the *Racing Act 2000*(Qld) and the *Corporations Act 2001*(Cth).

20. In respect of paragraph 3.3 of the Schedule, I note that:
    (a) the Boards had in place, policies, rules and procedures contained in the Manual in relation to identifying and managing conflicts of interest and minimising the risk of directors and executives improperly using their position and information for personal or financial gain; and
    (b) specifically, at the commencement of meetings of the Boards and audit committee meetings, conflicts would be called for, identified and declared, if any.

21. In respect of paragraph 3.4 of the Schedule, I refer to clauses 19 and 21 of my employment contract with the Queensland Harness Racing Board, which relevantly provides:

    " 19 Policies and procedures

    On your commencement, you will be advised of the Board's policies and procedures, codes, commitments and principles. You will be required to acknowledge that you have read and understood these documents, as amended and in force from time to time. These policies and procedures do not form part of this Agreement.

    21 Restrictions on your other activities

    .... you must not solicit or accept any payment or other benefit as an inducement or reward for any act in connection with the business of the Board."

    To the best of my knowledge, the clauses referred to above were included in each member of the Boards employment contract for each of the Queensland HR Entities.

ANY OTHER RELEVANT MATTER

22. There are no further matters relevant to the Commission's Terms of Reference for disclosure.

SWORN at Melbourne in	)	
the State of Victoria this twenty sixth	)	
	)	
day of August 2013		ANDREW KELLY

Before

SOPHIE MICHELE MORELLI
Level 14, 565 Bourke Street, Melbourne
An Australian Legal Practitioner
within the meaning of the
Legal Profession Act 2004

QUEENSLAND RACING COMMISSION OF INQUIRY
Filed pursuant to s 5(1)(d) of the *Commissions of Inquiry Act 1950* (Qld)

CERTIFICATE IDENTIFYING EXHIBIT

Date of document:	26 August 2013
Filed by:	Andrew James Kelly
Address:	C/- Harness Racing Australia Inc Level 1, 400 Epsom Road FLEMINGTON VIC 3031

This is the exhibit marked **"AK-1"** now produced and shown to **ANDREW JAMES KELLY** at the time of swearing his Affidavit on 26 August 2013.

Before me: ....

SOPHIE MICHELE MORELLI
Level 14, 565 Bourke Street, Melbourne
An Australian Legal Practitioner
within the meaning of the
Legal Profession Act 2004

**Exhibit "AK:1"
Financial
Management
Practice Manual
dated 21 August
2005**

MANUAL

CONTENTS

PURPOSE OF THIS MANUAL

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 the Acts).

A Statutory Body is defined under s. 5 of 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.

So, the Queensland Harness Racing Board (QHRB) is a Statutory Body.

S. 46C(h)(i) of the *Financial Administration and Audit Act 1977* requires statutory bodies (this includes QHRB) to develop and maintain a Financial Management Practice Manual. The manual provides detailed policies to enable QHRB to carry out day-to-day accounting and financial functions. It also provides all officers of QHRB, including members of the Board, with an understanding of the financial affairs of QHRB.

BACKGROUND TO THE DEVELOPMENT OF THIS MANUAL

The policies stated in the forerunner to this manual were written in April 2001 in a generic way and it was intended at that time that they would be able to be applied across all Statutory Bodies in the Racing Portfolio.

Since then, it has been decided that QHRB will develop and maintain its own Financial Management Practice Manual. So, that generic manual was used as the basis for a QHRB-specific Financial Management Practice Manual developed between June-October 2005. QHRB's Accountant is to have ongoing responsibility for maintaining the manual.

Within 4 weeks of the release of this manual, all staff received copies of the relevant parts of the manual and were trained in their use. They acknowledged receiving the extracts and training by signature on an attendance form (held on record).

AUTHORITIES FOR THIS MANUAL

There are references to applicable legislation and other Queensland Government documents throughout the manual. To avoid duplication, a list of references is included here to assist QHRB 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 legislation and other documents. QHRB accepts responsibility (specifically, the Accountant's) to put procedures in place to ensure that it is aware of any changes and any relevant amendments can be communicated to its officers.

RESPONSIBILITY

When this manual is approved by the Board of QHRB, all officers of QHRB (including Board members) are to comply with the policies set forth in this manual. There is no legislative requirement for approval by the Board, but initial approval of the manual is included in the Board's Instrument of Delegations.

INSTRUMENT OF DELEGATION

This manual is complemented by an Instrument of Delegation that has been approved by the Board prior to its consideration of this manual (refer S. 88 of the *Financial Management Standard 1997*). The document contains the general conditions of delegation and any additional conditions that the Board has attached to each delegation.

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 QHRB should have an understanding of their existence and application to the operations of the entity.

Name of Document	Chapter
QUEENSLAND LEGISLATION	
Financial Administration and Audit Act 1977	All
Financial Management Standard 1997	All
Racing Act 2002	All
Racing Regulation 2003	All
Freedom of Information Act 1992	All
Freedom of Information Regulation 1992	All
Public Sector Ethics Act 1994	Miscellaneous
Statutory Bodies Financial Arrangements Act 1982	Assets; Liabilities
Statutory Bodies Financial Arrangements Regulation 1997	Assets; Liabilities

Name of Document	Chapter
COMMONWEALTH LEGISLATION	
Income Tax Assessment Act 1997 (Cwlth)	Expenses; Miscellaneous
A New Tax System (Goods and Services Tax) Act 1999 (Cwlth)	Miscellaneous
Cheques and Payment Orders Act 1986 (Cwlth)	Expenses
Trade Practices Act 2005 (Cwlth)	Expenses
ACCOUNTING STANDARDS	
Australian Accounting Standards	Revenue; Expenses; Assets; Liabilities; Equity; Budget and Financial Management – Reporting
Statement of Accounting Concepts	Revenue; Expenses; Assets; Liabilities; Equity; Budget and Financial Management – Reporting
INFORMATION STANDARD NO. 42	
Privacy Policy (Refer Ss. 22(2) and 56 of the *Financial Management Standard 1997*)	All
GUIDELINES AND DIRECTIVES ISSUED BY QUEENSLAND GOVERNMENT	
State Purchasing Policy	Expenses
General Guidelines of Personal Expenses and the Use of Credit Cards by Public Service Employees	Expenses
Recording and Valuation of Non-Current Physical Assets in the Queensland Public Sector	Assets
Queensland Treasury – Accounting Policy Guidelines (Reference Use Only)	Revenue; Expenses; Assets; Liabilities; Equity; Budget and Financial Management – Reporting
Queensland Treasury – Guidelines for Grant Administration	Grants
Welcome Aboard: A Guide for Members of Government Boards, Committees and Statutory Authorities	Board Governance and Responsibilities
Department of Industrial Relations Directives: – 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)	Expenses; Board Governance and Responsibilities

Contents

Introduction

Statutory Bodies are, in most cases, established by 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 (this includes QHRB) is shown in 1. Preamble.

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 QHRB for whose performance they are accountable to the 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 QHRB. This understanding includes knowledge of the responsibilities of QHRB as specified in the governing legislation.

Roles

ROLE OF QHRB

Responsibilities/Reporting Relationships

The Board of QHRB is responsible to the Minister for Racing.

Role

The role of the Board of QHRB is to:

- be strategic – adopt a long term perspective; anticipate and respond to changes in the external environment; and integrate various corporate functions; and
- be customer focussed – be aware of community and Government opinion and needs; balance the demands of different stakeholders; and
- ensure the highest standards of financial accountability and ethical behaviour; and
- 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; and
- facilitating the flow of information and discussion; and
- conducting Board meetings and other business; and
- ensuring the Board operates effectively; and
- liaising with and reporting to the Minister; and
- reviewing Board and organisational performance; and
- 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; and

- oversee the plans of managers to achieve these goals; and
- review progress at regular intervals.

Members are required to familiarise themselves with the organisation of QHRB, 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 – this should be appropriately minuted.

Secretary

The Board Secretary (with the CEO) provides administrative support to the Board. The Secretary is responsible for taking the minutes of the Board.

Remuneration

S. 122 of the *Racing Act 2002* provides that Board members (this includes QHRB) are entitled to the remuneration and allowances decided by the Governor in Council.

The Department of 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).* [Note that a Statutory Authority includes a Statutory Body.] These provide guidance on appropriate remuneration for part-time Chairs and members of Government Boards. Importantly, the prescribed remuneration rates are maximum amounts payable and DO NOT automatically increase each year or when new remuneration rates are published. In essence, the rates apply for the term of appointment.

The remuneration and allowances of current board members would have been included in their letters of appointment to the Board of QHRB.

In accordance with s. 98(3) of the *Financial Management Standard 1997*, the total remuneration paid to each Board member is to be disclosed in QHRB's annual report.

Fees paid to Chairs and members of Boards are assessable under the *Income Tax Assessment Act 1997 (Cwlth).*

Permitted Expenses (of Board members and staff)

EXPENDITURE POLICY

(See also '5. Expenses', in this manual.)

Permitted expenses are those types of expenses that are allowed to be incurred in accordance with the *Racing Act 2002* and this QHRB Financial Management Practice Manual.

Generally, expenses are considered to be permitted expenses when they are incurred in the course of official business that are for the benefit of QHRB, promote the goals and strategies identified in the strategic plan and are necessary to ensure effective operations.

All officers with delegated financial authority to approve expenses on behalf of QHRB are to ensure that only permitted expenses are approved for payment.

All QHRB expenditure must be:

- for official purposes; and
- approved; and
- properly documented; and
- available and able to withstand public scrutiny, including both internal and external audit; and
- reasonable.

All payments for allowances or expenses due must be in accordance with the relevant legislation, Award Directive, this QHRB Financial Management Practice Manual and/or conditions of appointment.

The primary safeguard is the maintenance and retention of adequate declarations and documentation.

The expenditure must be approved before being incurred.

Reimbursement for any expenditure is only to be made upon submission of an Expenditure Form with adequate documentary support.

All claims for reimbursement of expenditure must be submitted within two weeks of being incurred.

As per the Instrument of Delegations, Board members and QHRB employee must not authorise their own expenses, regardless of the amount.

An itemised list of expenditure made by the Board members must be submitted to the next Board meeting for ratification, and included as part of the Minutes documentation.

Permitted Expenses (of Board members and staff)

TRAVEL EXPENSES (DOMESTIC AND OVERSEAS)

In adopting this manual, Board members are subject to the travelling allowances prescribed in Directive 03/04 (or its successors) issued by the Department of Industrial Relations as its rates for travelling allowance. (As a trail for relevance to Board members of this Directive, see the document titled "Remuneration for Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities". It is accessible from www.psier.qld.gov.au/policies/remunrates.shtml)

In adopting this manual, the Board has determined that QHRB staff are also subject to the travelling allowances prescribed in Directive 03/04 (or its successors) issued by the Department of Industrial Relations as its rates for travelling allowance.

Individual expenditure exceeding $10 is to 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 is to be recorded on the form.

Personal expenditure is to 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.

  Accommodation allowance will NOT be payable when accommodation is obtained at *no cost* to the Board member or employee, or QHRB pays the costs of accommodation directly to the provider.
- **Incidentals.** Incidental allowance is payable for the number of 24-hour periods and/or part thereof during which a Board member or QHRB employee 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).

Travel advances. Travelling allowance can be claimed by a Board member or employee (or approved non-officer) *before* they commence the period of travel for which expenses are sought. In such cases, the claimant can 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.

Permitted Expenses (of Board members and staff)

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 who has received an advance of travelling allowance must promptly acquit the advance. Documents are to 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 by the Accountant (or his delegate) 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 would need to 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 QHRB, 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.

Repayment of travelling allowance. A Board member or QHRB employee who has received an advance of travelling allowance would be required to repay some or all of that advance to QHRB when:

- the travel is cancelled; and/or
- the first date of travel is postponed for more than a week; and/or
- the period of travel is reduced; and/or
- the total amount paid in advance changes; and/or
- 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 QHRB are to be credited to the same account as that from which the advance was originally made.

Permitted Expenses (of Board members and staff)

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. To do this, he/she must by keep ALL claimed receipts and submit them with the claim for reimbursement. Actual expenditure does not include air fares and vehicle hire expenses; expenses of this nature are to be organised and accounted for before the commencement of travel.

Prior written approval is required to travel on actual expenses (covered by "Matters involving CEO and Board members" in the Instrument of Delegations). The submission for approval is to be supported by an estimate of the cost of travel.

Alcohol consumption while travelling. Board members and QHRB employees must NOT claim for alcohol consumption while travelling.

Board members and QHRB employees who travel are to be provided with an incidental allowance that 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 QHRB.

Travel Bookings

Bookings. Air fares, accommodation and conference fees can be paid for before the commencement of travel, but only by using the appropriate procurement means.

Travel service provider. Travel arrangements involving air, rail or coach travel must be made through QHRB's Finance, Administration and Governance Unit. It must use an accepted service provider and is to 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 CEO is to refer to the procedures set out in the document "Remuneration Arrangements for Part-Time Chairs and Members of Government Boards, Committees and Statutory Authorities" (It is accessible from www.psier.qld.gov.au/policies/remunrates.shtml)

Domestic Travel

Domestic air travel. All Board members and QHRB employees must travel economy class on domestic air fares, unless the trip exceeds three hours' actual flying time.

Overseas Travel

Approval. Subject to prior consultation with the Minister and his endorsement, overseas travel requires the approval of the CEO and/or Chair (as appropriate) and as covered by "Matters involving CEO and Board members" in the Instrument of Delegations.

Permitted Expenses (of Board members and staff)

A submission must accompany the request for approval. It needs to include the following information:

- name(s) of officer(s) travelling; and
- position; and
- destination (e.g. conference location); and
- countries/places to be visited; and
- period of trip/conference; and
- reason for travel/conference; and
- benefits/objectives; and
- details of consultation planned with other bodies/entities that may be interested in the proposed visit; and
- total travel costs; and
- list(s) of reports to be submitted on return of officer(s); and
- details of any leave being sought by officer(s) while overseas; and
- support of Chair of the Board.

Travel diary. A detailed travel diary of all overseas travel 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; and 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 are to 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 practicable

Permitted Expenses (of Board members and staff)

Class of travel. The Board must approve the class of travel available for members when travelling overseas.

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 QHRB.

An 'associate' will include a spouse, accompanying person and/or family member of the Chair, other Board members and CEO.

Costs for associates. Where an officer is accompanied on official travel, QHRB generally would not meet the costs of:

- fares for the associate(s); and/or
- additional accommodation charges that are beyond those costs associated with the arrangements for the officer; and/or
- meals, drinks and incidentals for the associate(s); and/or
- laundry, dry cleaning and grooming costs for the associate(s).

However, if the Chair or another 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, subject to the prior written joint approval of the Chair and CEO, the invitation can be accepted and the Board will pay any reasonable associated expenses.

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 can receive private benefit from work-related travel expenditure for both domestic and international travel.

Any benefits accruing from travel at QHRB's expense are to be used only for official purposes.

Frequent flyer points accrued from official business are not to 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 QHRB 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 will be for official purposes only. The applicant must also provide authority to cancel the membership and forfeit all accrued points on cessation of employment.

Membership to a frequent flyer scheme will be approved only where a Board member or QHRB employee 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. Qantas Club) is to be approved by the Board.

Membership generally will be restricted to officers who fly frequently and whose official duties while travelling would be assisted by the facilities offered by these clubs.

MOTOR VEHICLE ALLOWANCES

Approval. It is necessary to obtain written approval from the Chair and/or CEO (as appropriate) before using a private motor vehicle for official purposes.

Use. A private motor vehicle can be used for official purposes only when an official vehicle is not available. A private motor vehicle is not to 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 QHRB against certain liabilities at law (this is a standard endorsement available from all insurance companies).

Claims. Motor vehicle allowance payments are to be made in accordance with Directive 03/03 (or its successors) issued by the Department of Industrial Relations. The claim is to be supported by a copy of the approval to use the private motor vehicle for official purposes.

Rental. Vehicle rentals are to be raised by a purchase order and paid directly by QHRB.

PRIVATE TELEPHONE REIMBURSEMENTS

Entitlement. Private telephone allowance may be paid to Board members or QHRB employees with the entitlement prescribed in their appointment agreement.

Claims may be paid for rental, service, connections, and local, STD, international and mobile telephone calls, as per the relevant employment agreement.

Claims. Board members or QHRB employees 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 the CEO or Chair (as appropriate).

Permitted Expenses (of Board members and staff)

Claims must have the corresponding telephone account and receipt/receipt advice attached. Where the Board member is claiming actual costs for STD, international or mobile telephone calls, the purpose of each call is to be provided with the claim.

PERSONAL EXPENSES

Examples of expenses that are generally considered non-official, and therefore may not be permitted as QHRB expenditure, include:

- non-official entertainment and travel costs (e.g. mini-bar, video hire costs); and
- tips or gratuities (unless the officer is travelling in an official capacity in a country where that is the custom); and
- personal grooming expenses; and
- fines for parking and traffic offences occurring while attending to official business; and
- costs for private use of official telephones; and
- cost of gifts of an essentially private nature.

In circumstances where the nature of expenses incurred is unclear, the CEO and/or Chair (as appropriate) is to be approached for determination.

ENTERTAINMENT

Entertainment, or expenditure for official hospitality, is to be incurred only where it is considered essential to facilitate the conduct of public business. Such hospitality is not to be a substitute for business meetings that would ordinarily be conducted in the office.

It may be periodically appropriate to provide hospitality to individuals of particular importance to QHRB. Examples include:

- interstate and overseas visitors (where QHRB has an interest in, or a specific obligation towards, facilitating the visit); and
- 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 the approval must support the resulting claim for payment that is submitted for processing.

Expenditure associated with the attendance of spouses/partners and children of QHRB officers at official functions are to be paid personally by that officer. Such expenditure is considered personal and is not to be funded by QHRB.

However, if the Chair or other 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, subject to the prior written joint approval of the Chair and CEO, the invitation can be accepted and the Board will pay any reasonable associated expenses.

Permitted Expenses (of Board members and staff)

Details of all attendees at functions funded by QHRB are to be provided to support the claim for payment.

All expenditure must be for official purposes and officers must be able to identify the benefit to the agency, the State and the public generally. The purchase of alcohol for Board member consumption is generally NOT regarded as fulfilling these guidelines.

Induction

All new Board members are to receive an introduction to the workings of the organisation, their role and responsibilities, and administrative arrangements. For example, a new Board member may receive copies of the following:

- enabling legislation; and/or
- any other relevant legislation; and/or
- the three most recent annual reports/accounts; and/or
- the past six months' Board and committee minutes; and/or
- relevant press clippings; and/or
- government/industry reports; and/or
- economic efficiency or performance; and/or
- current Ministerial directives; and/or
- code of conduct; and/or
- copies of any relevant policy guidelines or statements (including relevant extracts of the Financial Management Practice Manual); and/or
- 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; and/or
- briefings; and/or
- public meetings; and/or
- tenure and removal from office; and/or
- the Board's reporting structure; and/or
- attendance requirements (formal notice of absence); and/or
- applicable accounting standards; and/or
- remuneration structure; and/or
- financial performance; and/or
- declaration of private interests; and/or
- strategic planning.

Duties and Responsibilities of Board Members

The Board is subject to the legislation listed in 1. Preamble.

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.

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 are to 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 might impinge on 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.

  A conflict of interest may arise, or be seen to arise, where benefits accruing to a QHRB 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; and/or
  - carrying on QHRB business with persons or companies who offer undisclosed commissions in return for favouritism in decision-making; and/or

- carrying on QHRB business with family, friends or business acquaintances; and/or
- an employee establishing a business to provide QHRB with goods or services; and/or
- any other circumstances in which an officer feels their integrity and professionalism is compromised.

QHRB Board members and employees are responsible for reporting real or apparent conflicts of interest to the CEO and/or Board for determination.

Gifts. The following policies apply to gifts.

- Gifts are not to be given without prior approval of the CEO and/or Chair (as appropriate), as per the Instrument of Delegations.
- A gift may be accepted where none of the criteria preventing conflicts of interest applies and the Board member has sought and considered the CEO's advice.
- Within 14 days of receipt, officers receiving gifts must provide details of the gift to the Finance, Administration and Governance Unit. The details of all gifts given or accepted in the course of official duties must be recorded in a Gifts register maintained by the Accountant.

Gifts include:

- a gift of entertainment, hospitality, travel or other benefit; and
- 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 QHRB to the recipient at no cost or below market value. The Chair's and/or CEO's (as appropriate) prior approval is required when purchasing a gift to be given by QHRB in an official capacity. This approval is to indicate the justification for providing the gift and anticipated cost. A copy of the approval is to be attached to the expenditure voucher.

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 QHRB and are not an official expense.

Gifts *received* are those gifts of property or benefit made to a Board member or employee in their capacity as a representative of QHRB. Gifts received become the property of QHRB – not the individual – and are to be treated as per any other acquisition by QHRB (including, where the value of the gift exceeds the recording threshold, as a non-current physical asset).

The register of gifts must include the following information:

- date the gift was made or received; and
- officers and persons involved; and
- description; and
- approval for making the gift; and
- present location.

In connection with official duties, QHRB Board members and employees must not:

- pursue any benefit from persons outside QHRB; and

- accept any gift for any official duties or functions that could create, or be seen to create, a conflict of interest; and
- accept any gift of money or a loan benefit from any person or business.

When material gifts are received by QHRB, the Board is to be advised through the regular administrative reporting arrangements (the CEO is to determine when such notification is required). When the Board considers it 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 person is required to notify the CEO and the Board Chair, 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 CEO and/or Board Chair (as appropriate) is responsible for determining the extent of the conflict and the CEO for 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 CEO and the Board Chair.

Integrity Commissioner. The Integrity Commissioner is an independent person who advises Queensland Government public officials on conflicts of interest.

The *Public Sector Ethics Act 1994* contains details about who can contact the Commissioner and about whom they can seek advice. For entities such as QHRB, the Act appears to be deficient. Also, the Commissioner does not provide legal advice.

For these reasons, the CEO or Chair (as appropriate) would contact QHRB's legal advisors about any ethics, integrity or conflict of interest issues.

- **Act in good faith**

Because of their position of trust, members' actions and standards of behaviour are required to be exemplary. Members are to act bona fide in the interests of QHRB, the State, the harness racing community and the wider community and not in their own interest or to pursue personal agendas.

- **Exercise diligence, care and skill**

Board members 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 is to 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 is also to maintain confidentiality of Board discussions and information made available.

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 (this includes QHRB).

Ss. 46C-46J of the *Financial Administration and Audit Act 1977* deal with financial administration of Statutory Bodies (this includes QHRB). In summary, QHRB is to:

- ensure that its operations are carried out efficiently, effectively and economically; and
- cause funds and accounts to be established, and faithfully and properly kept; and
- 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, QHRB; and
- ensure that liability for expenditure is incurred for lawful purposes only, and expenditure is made in compliance with any prescribed requirements; and
- as far as possible, having regard to the limits of its powers and control, obtain reasonable value for monies expended; and
- 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 assessment, levy and collection of revenue and other accounts receivable
  - the prevention of fraud or mistake; and
- ensure that fees and charges for services or goods supplied to any person are properly assessed and levied, and are adequate; and
- ensure the prescribed requirements are met regarding preparation, certification and rendering of annual financial statements; and
- prepare and maintain a Financial Management Practice Manual; and
- establish and maintain an adequate internal audit function if so determined by the Minister; and
- 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 '3. 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 '3. 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.

S. 6 of the Financial Management Standard states that Statutory Bodies (this includes QHRB) are to comply with the Standard.

All Board members must ensure they are aware of their responsibilities according to these provisions.

S. 46J of the *Financial Administration and Audit Act 1977* also specifies that Statutory Bodies (this includes QHRB) 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 are subject to an audit by the Auditor-General. QHRB is also required to furnish a copy of the annual report to the Racing Minister, which he must table in the Legislative Assembly.

- In accordance with S. 62 of the *Financial Management Standard 1997*, QHRB is to assemble information once every three months about its performance.

Also, in accordance with the discretion given to QHRB in S 62(b) for quarterly or annual reporting to the Racing Minister, QHRB will report to the Minister annually by giving him a copy of the annual report.

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) are to 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; and
- date of the meeting; and
- commencement and finishing time; and
- attendees; and
- apologies; and
- confirmation of previous minutes; and
- business arising from previous minutes; and
- performance reports and matters; and
- general business.

Submissions. As minimum requirements, the following list of reports is to be included as general items for submission to Board meetings.

- Monthly financial reports:
  - Profit and Loss Statements
  - Balance Sheet
  - Cashflow Statement; and

  Reports are to indicate budget versus actual month-to-date and year-to-date activity including material variances and reasons for such variances.
- Quarterly performance management reports; and
- Changes to the Instrument of Delegations; and
- List of expenses incurred by Board members and employees of QHRB; and
- Monthly bank reconciliations; and
- Investments; and
- List of expenditure for the month.

Certifications. Minutes must be certified by the Chair, CEO and the Secretary.

Where reports and other documentation are submitted, they must be filed as part of the Minutes documentation.

A copy of the completed Board Minutes (including those reports and other documentation) is to be forwarded to the Minister within a week of the meeting being held.

Contents

Overview

CORPORATE GOVERNANCE

The roles and responsibilities of governing committees (this includes the Board of QHRB) must be consistent with, and foster, an effective corporate governance framework. This framework encompasses authority, accountability, stewardship, leadership direction and control. It is a term used to describe the overall management of the affairs of an organisation.

Governing committees (this includes the Board of QHRB) 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 QHRB complies with the law and conforms with the highest standards of financial and ethical behaviour; and
- adopting an annual budget for the financial performance of QHRB, monitoring the results on a regular basis and ensuring consistency across budgeting, accounting and reporting systems; and
- adopting clearly defined delegations of authority for QHRB; and
- ensuring that QHRB 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.

By endorsing this manual, QHRB adopts the MFO framework and principles. This will assist the Government in meeting community needs for services and products (outputs) and ensure that an integrated approach to planning, budgeting and performance management is achieved.

The benefits of such an approach are:

- promote quality, client responsive services; and
- 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 (this includes QHRB) is a cycle of activities incorporating:

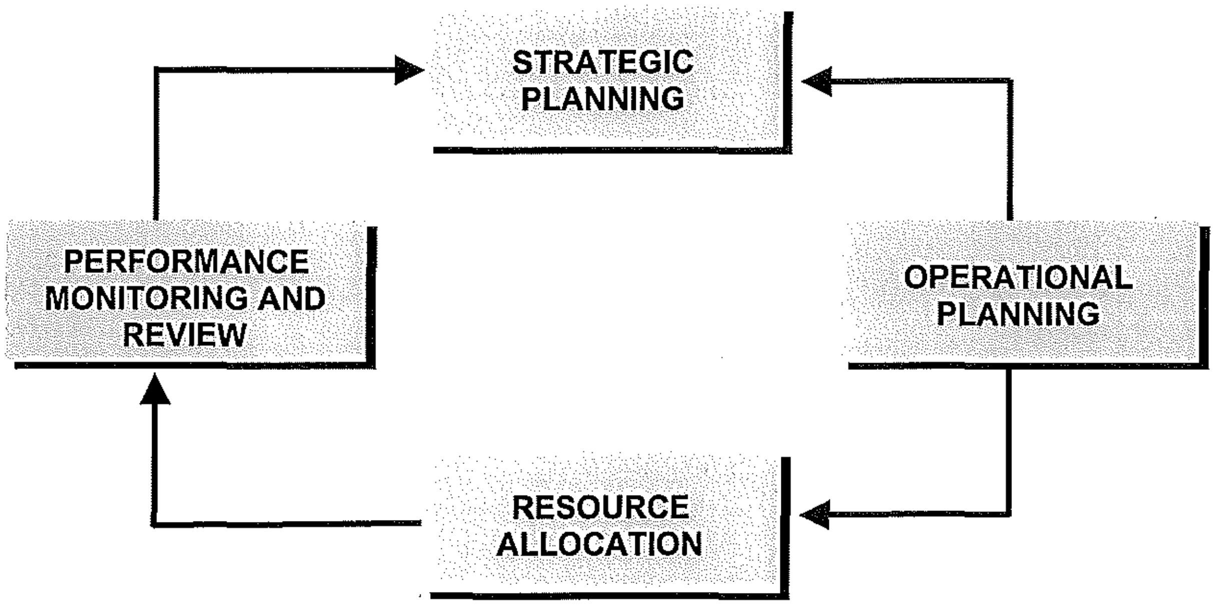
- strategic planning; and
- allocation of resources (deciding what should be achieved, how, by whom and with which resources); and
- monitoring by using information systems; and
- evaluation of performance against predetermined targets or standards; and
- dissemination of evaluation information into the planning process.

Planning is undertaken at a number of levels. Plans at lower levels (i.e. Operational Plans) must derive their direction from higher level plans (i.e. Strategic Plans) and provide a link between the goals of the Statutory Body (this includes QHRB), the budget process and service delivery to clients.

The following prerequisites 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); and
- 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; and
- use of accrual information in all budgeting and management reporting; and
- all outputs defined and costed; and
- responsibilities for the delivery of outputs clearly articulated and understood.

DIAGRAM 1: ANNUAL MANAGEMENT CYCLE



AUTHORITY

In accordance with the responsibilities of Statutory Bodies (this includes QHRB) in the *Financial Administration and Audit Act 1977* and *Financial Management Standard 1997*, QHRB is responsible for the development and approval of its:

- Strategic Plan, incorporating its ICT Resources Strategic Plan and Assets Strategic Plan; and
- Operational Plan.

In accordance with the options available in S. 17 of the *Financial Management Standard 1997*, QHRB's Strategic Plans will be developed/reviewed annually and are to cover a rolling period of four years. Also, QHRB's Operational Plan is to cover a period of one year.

S. 28 of the *Financial Management Standard 1997* provides that all Statutory Bodies (this includes QHRB) 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 (this includes QHRB) must be able to obtain information about the way it performs its operations, whether goals are being achieved, and whether those goals remain appropriate.

The information in the report is then to be used by the Statutory Body (this includes QHRB) during the next strategic planning and operational planning cycle.

Planning

STRATEGIC PLANNING

Linking Agency Strategic Plans with Whole-of-Government Outcomes

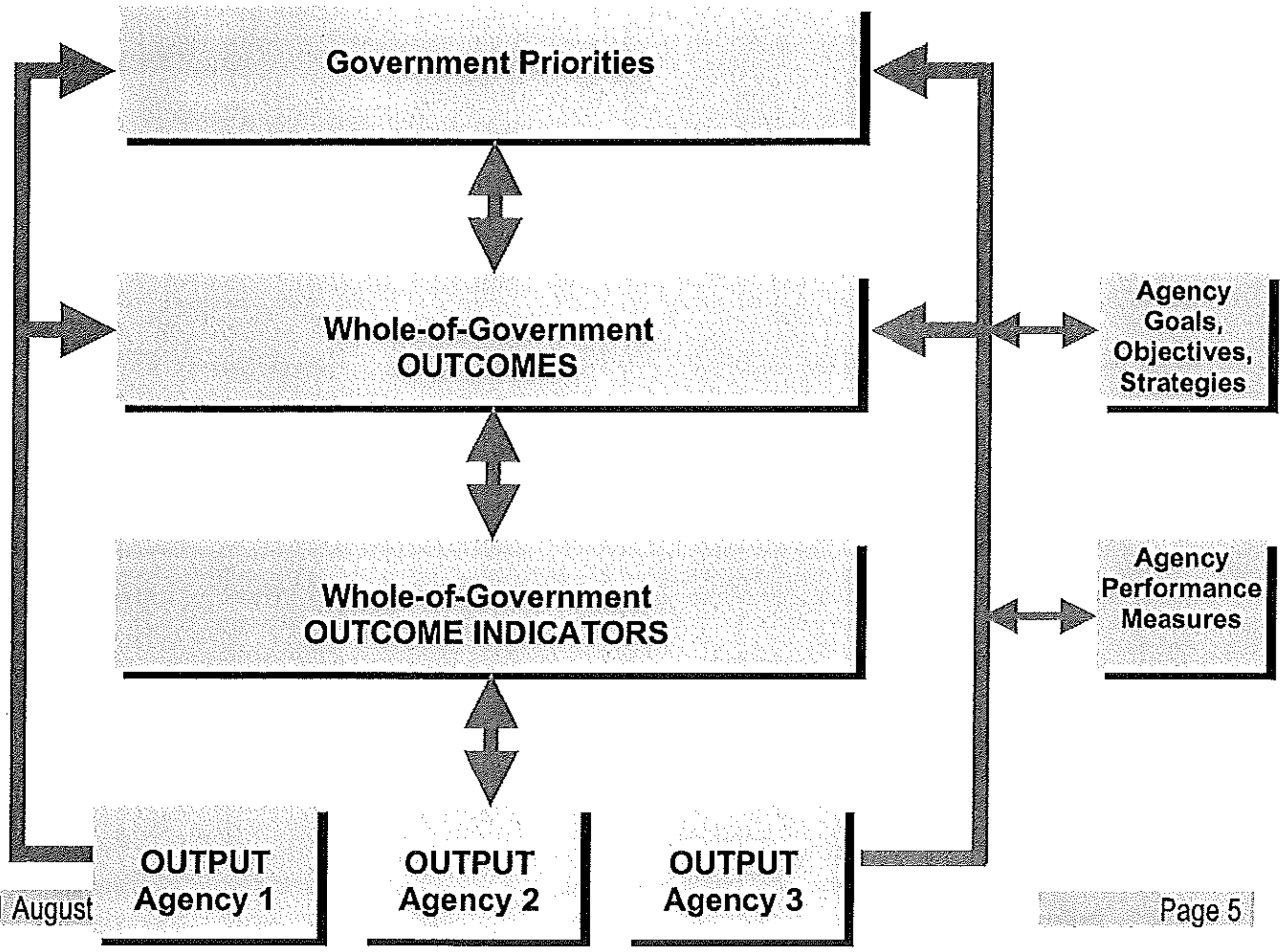
To ensure that agency strategic planning becomes an integral part of whole-of-Government planning and performance monitoring, agency (this includes QHRB) strategic plans are to:

- 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.



Requirements for Strategic Planning

Authority. As mentioned earlier, in accordance with the responsibilities of Statutory Bodies (this includes QHRB) in the *Financial Administration and Audit Act 1977* and *Financial Management Standard 1997*, QHRB is responsible for the development and approval of its:

- Strategic Plan, incorporating its ICT Resources Strategic Plan and Assets Strategic Plan; and
- Operational Plan.

Consultation. S.19 of the *Financial Management Standard 1997* requires agencies (this includes QHRB) to consult with the appropriate Minister and "other relevant persons" in developing its strategic plan. ("Other relevant persons" is a vague notion that gives QHRB considerable flexibility in determining the extent of consultation.)

Involving Treasury. S.20 of the *Financial Management Standard 1997* provides that if the Racing Minister directs QHRB to submit its proposed Strategic Plan to the Premier and the Treasurer, QHRB must comply with the direction.

Timing. Ss.18(2) and 21(3) of the *Financial Management Standard 1997* provide that Strategic and Operational Plans are to be prepared and available for distribution before the start of the financial year to which they relate.

Operational Plans. QHRB's Operational 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 (this includes QHRB) 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; and
- determines its desired future position, taking the environmental factors into account; and
- 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 four years. It derives these from considering the issues impacting on QHRB's operations and through contributions from Government, racing industry, staff members and others.

The Strategic Plan is to provide a focus for annual budget preparation deliberations, resource allocation and the implementation of strategies.

The Strategic Plan is to:

- outline the Board's direction and define its core values; and
- identify key issues and desired outcomes; and
- provide a framework upon which operational plans can be developed by staff; and
- guide resource allocation decisions; and
- involve staff at all levels.

ICT Resources Strategic Plan

QHRB is to develop an ICT Resources Strategic Plan (which forms a part of the Strategic Plan) that covers a period of four years.

Assets Strategic Plan

QHRB is to develop an Assets Strategic Plan (which forms a part of the Strategic Plan) that covers a period of four years.

The Statutory Body (this includes QHRB) must consult with the Minister in the preparation of the Strategic Plan.

RESOURCE MANAGEMENT PLANNING

QHRB is to structure its operations to facilitate the achievement of its goals and also to assess its 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).

QHRB is to assign responsibility of each element of the management of resources to officers of QHRB and ensure cost effective controls are in place.

Resource management systems are to 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 is to:

- be based on the goals of QHRB, as stated in the Strategic Plan; and
- aggregate activities into outputs for the purpose of making decisions regarding service delivery and resource allocation; and
- 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.

The Operational Plan is to provide for the outputs QHRB intends to supply during the plan's 12-month timeframe. It must include reasonable detail for the Board to assess its performance in delivering those outputs.

The Managing for Outcomes (MFO) framework includes a requirement that agencies (this includes QHRB) is to specify and cost their outputs and identify meaningful, objective and useful performance indicators and targets. Outputs are, therefore, to form the basis of an agency's operating budget and external reporting framework.

Appropriately-detailed cost information is to be aligned with, and support the operational and strategic decisions of, management. This is to 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 is to 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 are to deliver, and how much 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 are to be developed as a basis for collecting information about the performance of programs/activities. Indicators are to 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 is to 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; and
  - availability or continuity; and
  - risk coverage; and
  - 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 if the outputs are to be delivered within agreed timeframes (frequency) or according to 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.
- **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 follow.

- 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 fewer).
- 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; and
- current performance plus a percentage improvement increase; and

- averaged performance (national/state/industry); and
- best practice (benchmarking); and
- technical targets (external targets established by professional association); and
- management decisions (calculated decisions given resource and staffing limitations).

Output Statement. Information regarding the outputs of a Statutory Body (this includes QHRB) and its performance measures and targets can be included on an output statement. An example of a standard format is shown 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 are to 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 to:

- predict expenditure for a given level of operation; and
- ascertain revenue requirements and opportunities; and
- fix rates and charges; and
- control expenditure; and
- provide a basis for review of actual performance.

Steps. The budget process starts by specifying the objectives of QHRB. 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 from 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 is to require that QHRB'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; and
- justifies proposed budget enhancements by showing how they would contribute to QHRB goals and result in worthwhile benefits; and
- shows the likely impact of proposed savings on client groups and the achievement of QHRB goals; and
- includes estimates that complement 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. QHRB is to report to the Minister annually on actual performance compared with approved budgets. This can be done through the annual reporting process.

See also 'Reporting', in this manual.

Budget Strategies

Approaches. The main budget strategy approaches follow.

- **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); and
  - Minimum feasible level; and
  - Current level; and
  - Optimal level; and
  - Any other level QHRB 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 QHRB are to be formulated to achieve the objectives of QHRB's Strategic and Operational Plans, and fulfil the statutory requirements of the *Racing Act 2002* 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 determined by QHRB 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 Accountant.

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 on as a valid assessment of QHRB's performance.

FINANCIAL PERFORMANCE

S.59 of the *Financial Management Standard 1997* provides that a Statutory Body (this includes QHRB) must obtain information about the way it is performing its operations.

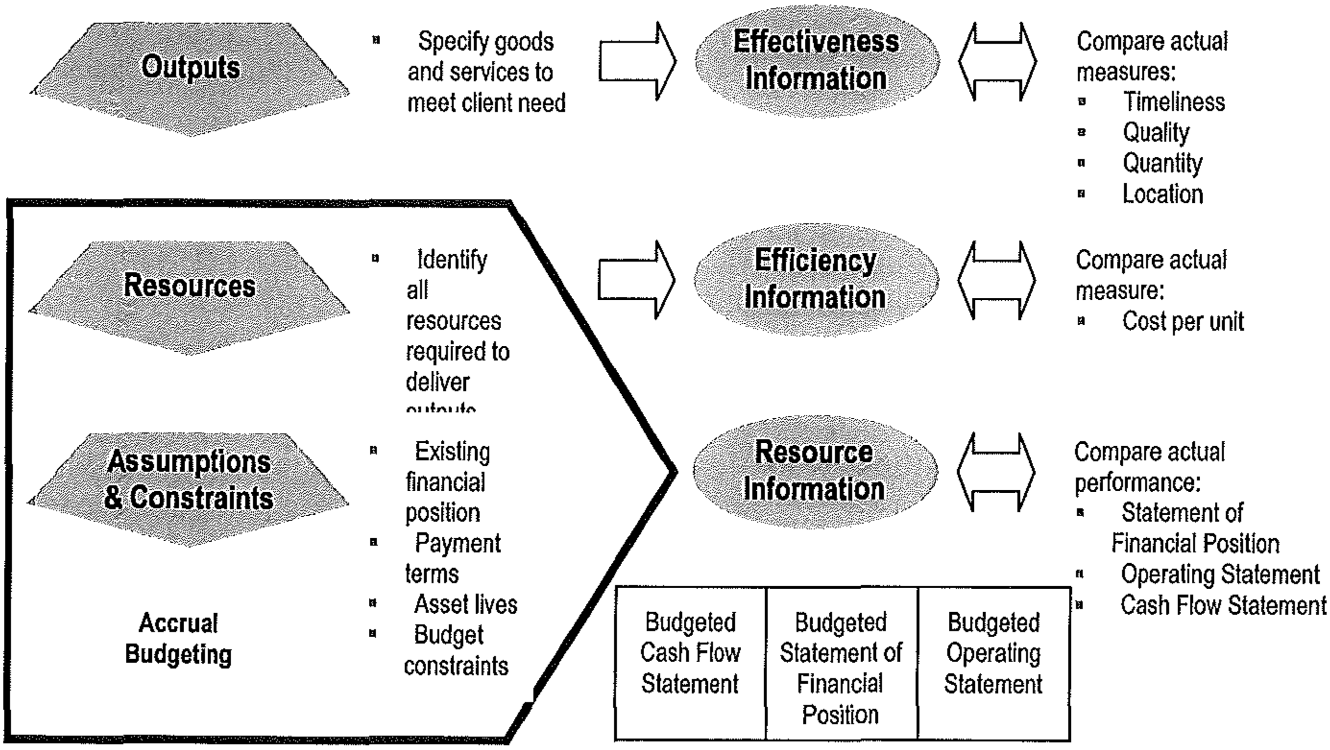
Information must be provided and received by QHRB every three months.

OPERATIONAL PERFORMANCE

S.59 of the *Financial Management Standard 1997* also provides that a Statutory Body (this includes QHRB) must obtain information about operational performance.

Information must be provided and received by QHRB every three months.

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 (this includes QHRB) must obtain information about their operations and decide whether or not 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 is to be prepared and reviewed internally by the Board of QHRB every three months. If requested, reports would be sent externally to the Racing Minister more frequently than the minimum requirement of every 12 months.

Annual Report. S.46J of the *Financial Administration and Audit Act 1977* and Ss. 94-95 of the *Financial Management Standard 1997* provide the governing provisions for Statutory Bodies (this includes QHRB) to prepare an annual report and present it to the Minister for tabling in the House.

The summary of information that must be included is listed in S.95 of the *Financial Management Standard 1997.*

A copy of QHRB audited annual financial statements is to also be included in the Annual Report.

Annual Financial Statements. In accordance with S.46J of the *Financial Administration and Audit Act 1977* and S.98 of the*Financial Management Standard 1997*, Statutory Bodies (this includes QHRB) must prepare annual financial statements in a form as prescribed by the legislation and prescribed accounting standards.

Statutory Bodies (this includes QHRB) are to decide the applicability of particular accounting standards by considering the application provision of each standard.

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 on the day-to-day management of the Statutory Body (this includes QHRB) due to the fact that they are the external representation of QHRB'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 developed 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; and
- a brief, written commentary on overall performance of the organisation; and
- Output Statement showing performance against targets; and
- a set of accrual-based financial statements:
  - Profit and Loss Statement
  - Balance Sheet
  - Cash Flow Statement; and
- 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; and
- a summary of any other areas that would be of interest to management.

With the exception of the Output Statement, all reports are to 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.

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General Policy

POLICY

Revenue earned is to be promptly identified, calculated, levied and recorded.

The management of revenue collection is to ensure that revenue due to QHRB is collected on or before the due date.

Revenue received is to be safeguarded from loss, accurately recorded and banked into an official account.

The recognition and recording of revenue is to ensure that reporting and accountability requirements are met.

There is adequate segregation of duties and an internal control framework exists that is consistent with the risks involved.

OVERVIEW

Revenue is defined as inflows or other enhancements, or savings in outflows, of economic benefits or service potential in the form of increases in assets or reductions of liabilities (other than those relating to contributions by owners) that result in an increase in equity during the reporting period.

Revenue is classified according to statutory reporting requirements:

- **Operating Revenue.** Generally, revenue received would be classified as Operating Revenue in that it is earned as a result of the authorised operations of QHRB.
- **Abnormal Revenue.** Items considered abnormal by reason of their size and effect on the results for the financial period.
- **Extraordinary Revenue.** Items of revenue attributable to events or transactions of a type that are outside the ordinary operations of QHRB and are not of a recurring nature.

Operating Revenue means the amount of revenue determined after deducting returns, allowances, duties, taxes and other amounts collected on behalf of third parties, and comprises:

- Fees and levies revenue – includes items that are received from the day-to-day operations of QHRB such as licensing activities, club levies and fines.
- Other revenue – includes items that are miscellaneous in nature such as publications income, interest received, profit on disposal of non-current assets, promotional income and miscellaneous contributions.

Revenue is to be recognised in the books and accounts in the financial year when it is earned (e.g. when the Board becomes entitled to receive the benefit that represents revenue).

Fees and Charges

POLICY

- QHRB can charge fees for its services (refer s.35 of *Racing Act 2002*)
- Also, s. 36(1) of the *Financial Management Standard 1997* requires QHRB to decide the level of charges for its services.
- As part of the budget development process, QHRB's charges are to be reviewed at least annually by the CEO for consideration by the Board.
- In accordance with the Instrument of Delegations (refer s. 31(4) of *Financial Management Standard 1997*), writing-off of revenue is to be approved by the Board.

OVERVIEW

Charges levied should be a rate to encourage rational economic choice in the use of goods and services. They are to apply where:

- goods and services are applied for the benefit of a specified customer having the capacity to pay; and/or
- the user has discretion to accept or not accept the goods/service; and/or
- required by an Act or any right in law.

The governing legislation for QHRB comprises the *Financial Administration and Audit Act 1977*, *Financial Management Standard 1997* and *Racing Act 2002*.

PRICING POLICY

In setting levels of fees and charges, the Board must consider its overriding objective which is to provide cost effective management to support the racing code and to manage the resources so that the operations of QHRB are run effectively and efficiently.

Consideration applies to:

- market rates applicable for comparative goods and services; and
- the ability of the market to pay; and
- industry legal precedents and conventions; and
- the more effective use of its resources; and
- administrative costs for charging and collecting the charges; and
- financial position of QHRB.

Receipting Process

OVERVIEW

A receipt is a written acknowledgment of QHRB receiving monies.

Balancing is the process of reconciling cash received with receipts issued during the receipting period and occurs at the end of each day prior to the preparation of banking.

Banking is depositing monies received into a QHRB bank account. It is to be performed as soon as practicable after the receipting of monies.

The accounting system update is the entering of all revenue information into QHRB's accounting system, updating the General Ledger.

The CEO (through the Accountant) is responsible for implementing and maintaining effective revenue collection, receipting and recording processes.

FORMS OF PAYMENTS RECEIVED

Receiving monies. Authorised receipting officers are to receive monies in various forms and must ensure that the form of money is acceptable before preparing a receipt.

QHRB is likely to receive monies in the following forms:

- Cash
- Cheque
- Money order
- Travellers cheque
- Credit card
- Electronic funds transfer (EFT).

Cash. Cash constituting notes or coins of Australian currency is an acceptable form of payment. Foreign currency is not to be accepted under any circumstances.

Cheque. Personal, business and bank cheques payable to QHRB are acceptable forms of payment, provided they are correctly completed, signed and are not stale or post-dated. All cheques are accepted subject to clearance.

Cash or change is not to be given on any cheque out of public or other monies.

The provisions relating to the fundamental and legal characteristics of a cheque are specified in the *Cheques and Payment Orders Act 1986* (Cwlth). Before preparing a receipt for payment by cheque, authorised (by the Accountant) receipting officers are to verify that a cheque has been correctly completed. The following guidelines will assist officers in determining whether to accept or reject a payment made by cheque:

- **Irregular cheques.** Authorised accounting officers are to deem a cheque to be irregular and not acceptable where the cheque:
  - is unsigned; and/or
  - not dated; and/or
  - is not payable to QHRB; and/or
  - is stale (i.e. dated more than 12 months prior); and/or
  - has errors/corrections not initialled by the cheque signatory.

  The above types of irregular cheques are to be returned to the drawer with the reason for the return, and all supporting documentation are to be appropriately filed.

  Where the amount in words on a cheque differs from the amount in figures, the amount payable is the lesser of the two. If the lesser amount is acceptable for payment of the goods or services supplied by QHRB, the cheque is to be receipted. Otherwise, the cheque is to be returned to the drawer.

  A cheque is not complete or irregular on its face by reason only that it is post-dated (whether or not the date has arrived).

- **Post-dated cheques.** All post-dated cheques are to be recorded in a register and the cheque held in the office safe until the due date. The register is to be examined regularly (preferably daily, but at least weekly) by the authorised receipting officer to determine the cheques to be receipted or banked. The authorised officer is to initial and date the register after each examination.

  An official receipt is to be issued at the time that the cheque is due to be banked. No goods, services, licences or other documents are to be provided to the client until the post-dated cheque has been processed for banking.

Money order. A money order is treated the same as a bank cheque; therefore it is subject to the same conditions of receipt as a cheque. A money order is issued by the Post Office to a person in return for cash. Payment by money order is an acceptable form of payment provided that QHRB is named as the payee.

Travellers cheque. Travellers cheques are an acceptable form of payment provided they are in Australian currency and have been previously signed by the payer.

The payer must sign the travellers cheque a second time in the presence of the authorised receipting officer, and that officer must be satisfied that the two signatures match. Before accepting travellers cheques over the counter, the payer must provide photographic (passport) identification to the receipting officer. The details of the identification (i.e. passport number, date issued, expiry date) are to be recorded on the reverse of the cheque.

Where sufficient funds are available, change may be given on a travellers cheque.

Credit card. Payment of amounts owing to QHRB by credit card is acceptable.

Authorised receipting officers accepting payment from a person or entity using a credit card facility must ensure that:

- authorisation is obtained for sales in excess of the authorised floor limit; and
- signature on the credit card matches that on the credit card voucher; and
- credit card is current; and
- credit card is not listed on a Warning Bulletin; and
- any other obligations are met in accepting payment by credit card that have been set by the credit card organisation or bank.

A receipt must be issued if payment by credit card is accepted.

Stamps. Stamps of any type are an unacceptable form of payment.

EFT. QHRB is to accept EFT and encourage the payer to clearly identify the item in QHRB's bank account. (Usually, the payer will send payment details in some other way and this is used when doing the bank reconciliation or, if required, immediately.) A receipt is to be issued and sent when each item has been identified.

ISSUING RECEIPTS

Responsibility. All receipts are to be issued by a receipting officer authorised by the Accountant.

When cheques are received through the mail, they must be immediately endorsed with the name of QHRB and the words 'Not Negotiable'. All negotiable instruments received by mail that are an acceptable form of payment must be recorded in a Cash-by-Post Register. Entries in the register are to be signed by the receipting officer and the officers opening the mail, and are to contain the following information:

- date of receipt; and
- client from whom the monies were received/payee; and
- amount of money received; and
- type of monies.

The register is also to record the total amount of money received in a day.

Types of receipts. An official receipt is to be promptly issued to the payer in all cases other than when bank interest is received. The type of receipt may depend on the reason for payment, e.g:

- donations and sundry collections may need to be acknowledged with manual receipts
- fees received may need to be acknowledged with computer-generated receipts from a stand-alone program.

A receipt is an accountable money form that is used to acknowledge the payment of monies from clients. The collection of monies payable to QHRB for fees, permits, licences, goods and services is to be promptly acknowledged by an official receipt prepared by an authorised receipting officer. Strict control and accountability of receipt forms is to be maintained.

An official receipt must be:

- prepared in permanent ink; and

- prepared chronologically and issued in numerical order; and
- issued with a duplicate office copy of the original receipt retained (paper copy or electronic medium).

Components. At a minimum, an official receipt is to contain:

- unique identification number; and
- name of QHRB; and
- name of the payer; and
- transaction details (date, amount received, form of payment, reason for payment).

Cancellation. When an official receipt is to be cancelled, it is to be crossed through with two transverse lines and the word 'Cancelled' is to be written between them. The original receipt and duplicate are to be obtained and held with the receipting records. If the receipt transaction has been entered into the accounting system (see 'Accounting System Update', following), that transaction is to be reversed.

Replacement. Replacement receipts are not to be issued. After interrogating the accounting system and confirming the receipt of monies, one of the following may be issued:

- a certified photocopy of the original receipt; or
- a letter (prepared on letterhead) confirming the receipt of monies and providing the details of the receipt that was originally issued.

BALANCING

Timing. Balancing of monies received is to occur at the end of each day prior to the preparation of banking and at any other time that a reconciliation of monies received to receipts issued is required.

Reconciliation. The preparing officer is to reconcile the monies received (on hand) with the receipts issued during the receipting period. The reconciliation is to be signed by both the preparing officer and an independent checking officer.

Discrepancies. Unbalanced amounts are to be investigated immediately.

- **Shortages.** Shortages that appear to have resulted from a criminal offence are to be reported in writing to the CEO for determining what further action is to be taken (e.g. notifying the Police).
- **Surplus monies.** Surplus monies identified when balancing are to be receipted to a suspense account pending identification of their origin and determining their destination (e.g. account to be credited, refund to be made to payer).

BANKING

Storage of monies. Pending banking, all monies are to be held in secure storage, e.g. the office safe.

Timing. All monies received on behalf of QHRB are to be deposited into an official bank account as soon as practicable after receipt and after the balancing process has occurred (see above). Monies are to be banked in the same form as they were received (e.g. as cash or cheques).

Preparation. The preparing officer is to complete a bank deposit form for the monies to be banked. The banking documentation is to be checked against the monies on hand and certified by both the preparing officer and an independent checking officer.

Deposit. For control purposes, and where practicable, the banking should be carried out by an officer independent of the receipting, balancing and banking preparation processes. Based on the value of the deposit, appropriate security is to be provided for the officer.

Deposit validation. After the deposit of monies has been made, the independent checking officer is to check the bank-validated deposit form to confirm that the deposit made was the same as that which was authorised (i.e. all collections have been banked).

The duplicate bank-validated deposit form is to be retained on file for reconciliation purposes.

Dishonours. A cheque may be dishonoured by the bank for one (or more) of the following reasons:

- a discrepancy or irregularity on the face of the cheque; and/or
- re-presentation at a later date is required (cheques are to be held in secure storage until the re-presentation date); and/or
- no available funds or no account; and/or
- payment of the cheque has been stopped.

Dishonoured cheques are to be investigated and remedied as soon as possible.

When necessary, and having consideration for the amount and nature of the payment, the Accountant may provide advice as to whether the payer is to be contacted and the monies that are due be paid in another form (e.g. bank cheque, cash). The Accountant is also responsible for determining whether any charges incurred by the Board as a result of the dishonoured cheque (e.g. bank fees) are to be recovered from the payer.

ACCOUNTING SYSTEM UPDATE

Timing. All revenue received by QHRB is to be promptly recorded in the accounting system. The accounting system is to be updated as soon as possible after the receipt of the monies.

Monies received must be promptly allocated to the correct account code in the General Ledger, according to its purpose.

Unidentified monies. Unidentified monies, the destination of which is unknown at the time of receipt, are to be receipted to the collection suspense account and promptly investigated. When the destination of the monies is determined, the monies are to be transferred from the suspense account to the appropriate receipt code or refunded to the payer.

Refunds, Reimbursements and Recoveries

OVERVIEW

Refunds, reimbursements and recoveries may be received as a result of:

- deposits paid by QHRB and refunded by the supplier; and/or
- refunds from suppliers for goods returned or services not provided; and/or
- overpayments; and/or
- duplicate payments; and/or
- payments made in error.

ACTION

Recovery action. When it is identified that QHRB has paid monies exceeding those due, the amount involved compared with the cost of recovery should be considered prior to commencing recovery action. Recovery action should be appropriate to the amount and nature of the debt. In less-than-clear cases, the Accountant is to approach the CEO for determination.

Allocation. When a supplier or any other entity or person refunds all or part of a payment previously made by QHRB, the monies are to be coded to the expense account from which the payment was originally made.

Irrecoverable monies. Monies that cannot be recovered are to be written-off as losses and reported in the financial statements (see 'Losses', in this manual).

Systems, Security and Control

OVERVIEW

The systems, security and internal controls established for revenue ensure the protection and safeguarding of all revenue.

Segregation of duties prevents the fraudulent use or misuse of collections and ensures that officers are not compromised when fulfilling their duties and responsibilities.

Policies and practices for accounting system security and general financial controls (e.g. accounting records, confidentiality) are prescribed in 'Controls', in this manual.

MONIES RECEIVED

Secure storage. All cash must be held securely in order to restrict the access of unauthorised persons. Short-term storage facilities should be appropriate to the value of monies on hand.

Knowledge of combinations, location of keys and so on should be restricted to a 'need-to-know' basis. When the security of such information has or may have been compromised (e.g. when an officer resigns from QHRB), action is to be taken to change combinations or the location of keys.

Monies should be deposited in an official bank account as soon as practicable after receipt.

Segregation of duties. Where practicable, the individual duties comprising the collections process are to be segregated (specifically, the collection of monies and the banking of those monies).

ACCOUNTABLE FORMS

Receipts. For control purposes, all receipt forms on hand are to be held in secure storage and their use is to be controlled by an officer authorised by the Accountant.

Accountable forms register. A register of accountable forms is to be maintained in the Finance, Administration and Governance Unit and regular checks are to be done by an independent officer to ensure the register's accuracy (see 'Miscellaneous – Accountable Forms', in this manual).

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POLICY

Expenses of QHRB 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, e.g. expenses that are incurred in the course of official business for the benefit of QHRB; promote the goals and strategies identified in QHRB'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.

QHRB'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 QHRB (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 QHRB.

Broad categories of expenses that are incurred by QHRB 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.
- **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 QHRB.
- **Salaries, wages and associated expenses.** Includes all salaries, wages, leave loading, terminations, cash equivalents and other payroll expenses payable to employees of QHRB. 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.

- **Funding provided to other organisations or individuals.** Includes all payments made by QHRB 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.

Expenses are to be recognised in the books and accounts in the financial year when they are incurred.

- 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

OVERVIEW

Permitted expenses are those types of expenses that are allowed to be incurred in accordance with the relevant legislation, QHRB policy and any other legislative guidelines, legal agreements or ethical constraints.

Generally, expenses incurred in the course of official business are considered to be permitted expenses where they are for the benefit of QHRB, promote the goals and strategies identified in the strategic plan and are necessary to ensure effective operations.

All officers with delegated financial authority to approve expenses on behalf of QHRB are to ensure that only permitted types of expenses are approved for payment.

GRANT EXPENDITURE

Grant agreement. Where grant funds are being expended, and having regard to QHRB's own permitted expenses policy, the expenses must reflect the purpose for which the grant was made to QHRB and be in accordance with any constraints prescribed in the grant agreement between the grantor and QHRB. 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 QHRB expenditure include:

- non-official entertainment and travel costs (e.g. mini-bar, video hire costs); and
- tips or gratuities (unless the officer is travelling in an official capacity in a country where this is the custom)
- personal grooming expenses; and
- fines for parking and traffic offences occurring while attending to official business; and
- cost for private use of official telephones; and
- 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 adherence to the State Purchasing Policy with regard to expenditure on goods and services, including quality assurance aspects.

Generally, purchasing goods and services on behalf of QHRB will occur through one of the following methods:

- credit facility purchase (see 'Credit Facilities', in this manual); or
- petty cash purchase (see 'Miscellaneous Payments'); or
- ongoing account facilities with a particular supplier, e.g. purchase of stationery or other consumables (see 'Acquisition of Services' and 'Recurring Payments'); or
- 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 QHRB 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 QHRB 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. QHRB is not a regular purchaser of goods and services involving significant expenditure. So it would be inappropriate for QHRB to use its scarce resources in developing a Procurement Plan. However, despite being able to not comply with the State Purchasing Policy provided by s. 38(3) of the *Financial Management Standard 1997*, QHRB is committed to applying the principles espoused in the State Purchasing Policy when it does purchase significant items.

Open and effective competition. The principle of open and effective competition has the following aims to:

- instil confidence in QHRB's Board regarding the probity and cost-effectiveness of procurement; and
- maximise the prospect of obtaining the most cost-effective outcome when procuring goods and services; and
- ensure that suppliers wishing to do business with QHRB are given the opportunity to do so.

To ensure that open and effective competition is achieved, QHRB is to ensure that its procurement processes are visible to all interested and affected parties, suppliers have a real opportunity to do business with QHRB, 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 a '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; and
- advance the interests of QHRB in all procurement transactions; and
- 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; and
- not entertaining approaches from suppliers that might be interpreted as attempts to influence the evaluation process; and
- ensuring that their private interests do not conflict with their official duties; and
- 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 QHRB 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 QHRB is able to provide specifications for the 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.

As QHRB can determine its own thresholds (refer to State Purchasing Policy), they are specified in its Instrument of Delegations.

Value for money. Notwithstanding the financial limits set out above, it may be possible to enhance value for money to QHRB 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 QHRB's general purchasing principles.

The lowest quote/tender is to be accepted by QHRB 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.

PURCHASE ORDERS

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 QHRB 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 QHRB 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 or goods or services, and quote the purchase order number to the supplier. Quoting the order number should result in the number appearing on the supplier's invoice.

Purchase orders are to 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.

Outstanding purchase orders. Purchase will be deemed outstanding where:

- the ordered items have not been supplied within a reasonable period of time; or
- 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.

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 9. Miscellaneous (page 3) in this manual.

SPECIAL CONDITIONS

Consultancies

Consultants are to be engaged in accordance with the relevant instructions contained in the State Purchasing Policy.

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:

- QHRB does not exercise detailed control over the work performed; and
- the arrangements are generally for a fixed term with specified outcomes for an agreed rate; and
- the consultant is free to accept other engagements where the requirements of the consultancy agreement involve a part-time commitment.

Work provided by contractors or professional service providers is different from the work performed by consultants in that QHRB 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, QHRB is to 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 QHRB 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 QHRB.

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; and
- supervising the project; and
- maintaining appropriate records and preparing the progress and final evaluation reports; and
- liaising with the consultant; and
- dealing with the situation when the consultant's performance has been unsatisfactory.

Register. Details concerning consultants engaged by QHRB are to be recorded in a central register maintained by the Finance, Administration and Governance Unit.

Contract and Professional Services

Definition. Contract and professional services are usually of a specialised nature where QHRB 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); and
- capital works project staff; and
- contracted staff for the completion of a special project; and
- casual or temporary staff from employment agencies.

Engagement. Contract or professional 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 are to be documented in an agreement between the service provider and QHRB.

Payments. All payments for contract and professional services must be supported by a properly authorised supplier's invoice and an acknowledgeent 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 QHRB 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; and
- details of the entity's responsibilities; and
- 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; and
- 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 QHRB, 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 QHRB's general purchasing principles (see 'General Principles', previously in this section).

Purchase of Computer Software

As reflected in the Instrument of Delegations, 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 QHRB are:

- corporate credit cards; and
- fuel cards; and
- taxi vouchers.

The CEO is responsible for the establishment, implementation, management and control of credit facilities used by QHRB.

All credit facilities must be subject to the agreed terms and conditions between the credit provider and QHRB.

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 may, 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 by QHRB follow.

- be for official purposes; and
- be properly documented with the public purpose identified; and
- be available for scrutiny by external audit; and
- appear appropriate and reasonable; and
- be authorised and have expenditure approved (as per the Instrument of Delegations).

Issue. Corporate credit cards may be authorised by the CEO for issue 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 the 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; and/or
- official travel-related costs including accommodation and associated expenses, meals, official telephone expenses, and the like.

Corporate credit cards are NOT to be used in the following circumstances:

- any personal or unofficial purchases including gifts, flowers, mini-bar charges, tips and gratuities; or
- payments to contractors; or
- cash withdrawals; or
- transactions using the Internet; or
- purchasing of assets or items of lasting value.

Corporate credit card use is to be restricted to a specific transaction limit in any one month. That limit is defined in the Instrument of Delegations.

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 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. Cardholders are to reconcile the supporting documentation with the transactions appearing on the monthly statement from the credit provider. Officers can 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, Administration and Governance Unit.

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 is to be held in safe custody (e.g. in office safe under control of the Accountant.

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 QHRB. 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, Administration and Governance Unit 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, Administration and Governance Unit.

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 was extracted, and on the voucher.

TOLL TRANSPONDERS

Issue. The CEO is responsible for approving the issue of toll transponders.

Officers may purchase pre-paid toll transponders only by cheque.

Use. The use of toll transponders is strictly limited to business travel. Toll transponders cannot be used for home–work or work–home travel, or any other private travel.

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 QHRB.

Expenditure delegations are granted by the Board (as the accountable body of QHRB) 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 QHRB approval.

Delegations are granted to a position for specific purposes and are exercised to a specified dollar limit.

FINANCIAL DELEGATIONS

Amending the delegations. Requests for additions, deletions or changes to financial delegations are to be addressed to the CEO, through the Accountant. The CEO is to examine the request and, where considered appropriate, make a recommendation to the Board for amendment to the delegations.

APPROVING EXPENDITURE

Requirement. All expenditure of QHRB 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; or
- 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; and
  - 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); and
  - copy of or reference to the expenditure approval; and
  - name and address of the vendor; and
  - 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 is to be signed by the officer's manager as witness.

Expenditure Authorisation

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) is to be accompanied by the supplier's invoice and an approved travel requisition.

Certifications. Before payments are processed, the following certifications are to be recorded 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; and
  - the goods have been supplied, services rendered, or works constructed; and
  - the price or rate of charge, including discounts available, are correct; and
  - the claim has not 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 QHRB, 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 is required certify 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; and
  - appropriate approval has been obtained; and
  - the invoice number, date and amount on the voucher are consistent with the supporting documentation; and
  - 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 QHRB. Except in the case of an authorised prepayment (see 'Prepayments', in this manual), goods or services must have been received by QHRB 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:

- a request to incur expenditure (purpose, justification, cost estimate and budget item); and
- an approval of a financial delegate certifying that the expenditure is permitted and funds are available within the budget; and
- 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 must contain the following information:

- a unique identification number; and
- date of issue; and
- supplier's name and the payment address; and
- QHRB's name as the debtor; and
- details of the goods or services supplied; and
- amount payable; and
- payment terms.

All trade creditors are to be paid in accordance with the payment terms to which QHRB agreed when entering into the purchasing arrangement (e.g. 7 days, 14 days, 30 days net).

SPECIAL CONDITIONS

Hire and lease payments. Where QHRB 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 QHRB 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); and
- specialised items of equipment required for a short period of time.

Examples of items which may be leased rather than purchased include:

- office accommodation; and
- land; and
- motor vehicles; and
- 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 QHRB must be in accordance with the formal agreement between the service provider and QHRB. At a minimum, rates payable and the frequency of payments are to 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

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 QHRB. 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 by the Accountant and/or CEO 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 QHRB expenses (see 'Expenses: General Policy', in this manual) and for approved purposes only (see 'Permitted Expenses').

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 CEO 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); and
- tea/coffee/refreshment supplies for official meetings; and
- incidental parking costs incurred while performing official duties; and
- up-front bank charges incurred when conducting QHRB banking; and
- fuel costs when an officer or approved non-officer uses their private motor vehicle to attend to official business or an official meeting; and
- incidental fares incurred while carrying out official business; and
- COD delivery charges.

All petty cash expenditure must be authorised by an appropriate financial delegate.

Reconciliation. Petty cash accounts are to be reconciled when:
- recoupment is required (at least monthly); and/or
- custody of the petty cash advance is being transferred from one officer to another; and/or
- 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 reconciliation of the petty cash account is to be certified by the Accountant.

Discrepancies. Where the reconciliation reveals discrepancies, the unbalanced amounts are to be immediately investigated by the Accountant.

- **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 (or for) the Accountant 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. The amount of the expenditure is then recouped to restore the cash on hand to the value of the original petty cash account.

Claims for reimbursement of petty cash expenditure, usually in the form of a petty cash docket, are to be submitted to the CEO for approval (in accordance with the Instrument of Delegations).

Encashment. On receiving the cheque reimbursing the petty cash account, the Administration Officer responsible for the account (authorised by the Accountant and/or CEO) 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, is to be incurred only where it is considered essential to facilitate the conduct of public business. Such hospitality is not to be a substitute for business meetings that would ordinarily be conducted in the office.

It may be appropriate periodically to provide hospitality to individuals of particular importance to QHRB. Examples include:

- interstate and overseas visitors (where QHRB has an interest in, or a specific obligation towards, facilitating the visit); and
- 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.

Miscellaneous Payments

Expenditure associated with the attendance of spouses/partners and children of QHRB officers at official functions are to be met personally by that officer. Such expenditure is considered personal and is not to be funded by QHRB.

However, if the Chair, other 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, subject to the prior written joint approval of the Chair and CEO, the invitation can be accepted and the Board should pay any reasonable associated expenses.

Details of all attendees at functions funded by QHRB must be provided to support the claim for payment.

Purchase of alcohol for QHRB 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 and/or Board members are NOT to claim for alcohol consumption while travelling.

Staff and/or 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(s) and/or Board members and are not to be charged to the account of QHRB.

Employee Expenses

OVERVIEW

Employee expenses include all payments to QHRB officers for expenses incurred in the performance of official duties. The entitlements 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); and
- private motor vehicle allowance; and
- appointment or transfer expenses; and
- 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 QHRB 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 TRAVELLING EXPENSES AND PERSONAL EXPENSES

The benefits (and limits) for Travel Expenses and Personal Expenses apply to Board members and QHRB staff alike (see 2. Board Governance and Responsibilities).

Funding Provided

OVERVIEW

QHRB 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 QHRB.

See also 'Grants', in this manual.

PAYMENT

Application. When an organisation or individual requires funding from QHRB, application is to be made to QHRB. The application is to contain justification for the amount requested and full details of the expenditure to be incurred.

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. QHRB 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 QHRB 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 QHRB is to provide written acknowledgment of the receipt of funds (including the date on which the funds were received).

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 (for example, 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, Administration and Governance Unit to reconcile the total amount of the payroll to the amount debited from QHRB's bank account for salary payments. The Accountant is to 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; and
- overtime, higher duties and other allowances; and
- annual leave and leave loading; and
- superannuation and other post-employment benefits.

Group certificates. At the end of the financial year, the Finance, Administration and Governance Unit 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 contractors.

Obligations. QHRB is to comply with the standards set down by the Government with regard to the selection and engagement of personnel.

QHRB 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. QHRB's CEO is to identify an officer with appropriate qualifications and skills to undertake this role.

Special Payments

Definition. In accordance with s. 41 of the *Financial Management Standard 1997*, 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; and
- 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; and
- gifts of public monies.

Approval and payment. Special payments are to be approved according to the financial limits in the Instrument of Delegations for QHRB.

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 QHRB are to be recorded in a Register of Special Payments immediately on making such a payment (refer s. 41 of *Financial Management Standard 1997*).

The register is to be maintained by the Finance, Administration and Governance Unit 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; and
- recipient of the payment; and
- amount of the payment; and
- reason for payment; and
- reference to approving document.

Payments

PAYMENT METHODS

The following payment methods may be used by QHRB:

- cheques; or
- cash; or
- credit cards; or
- electronic fund transfers (EFTs).

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 QHRB where other payment methods are unable to be used. Cheques are drawn on the nominated official bank account of QHRB.

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 QHRB.

Manual cheques are to be raised only in emergency 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 (by Instrument of Delegations) cheque signatories before issue. A cheque can be signed only if:

- an invoice has been raised on QHRB that matches the cheque details; and
- payment verification checks have been completed; and
- the cheque has been fully 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 (by Instrument of Delegations) cheque signatories.

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.

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 are to be produced as frequently as required to fulfil supplier or QHRB policy commitment to payment terms.

Production. System cheques are to 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 through the Accountant. Manual cheques may be drawn only with this approval, and in emergency 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; or
- travel advances; or
- replenishment of franking machines; or
- 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 are to be cancelled when they have been drawn in error, e.g:

- incorrectly drawn for a supplier or claimant (e.g. duplicate payment); or
- amount of the cheque or other cheque information is incorrect; or
- 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, Administration and Governance Unit.

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 QHRB.

Indemnity and undertaking. Before replacement cheques are issued, payees are required to indemnify QHRB 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, Administration and Governance Unit.

A replacement cheque is to 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 QHRB are:

- corporate credit cards; and
- fuel cards; and
- taxi vouchers.

For further information, see 'Credit Facilities', in this manual.

ELECTRONIC FUNDS TRANSFER

QHRB may make payments via electronic funds transfer (EFT) to creditors. The Finance, Administration and Governance Unit is responsible for managing EFT payments and only authorised EFT "signatories" can authorise the payment process (See Instrument of Delegations).

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 QHRB 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 QHRB. An intangible asset derives it value from the special rights that possession and use confer to QHRB 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 QHRB.

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 QHRB.

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

OVERVIEW

Interest is the amount of money paid by QHRB 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 QHRB and the lender.

QHRB is responsible for negotiating and agreeing on terms and conditions of borrowings. The CEO is 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 QHRB. The policies also maintain the integrity of QHRB'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); and
- 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 QHRB 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 enhanced by:

- restricting access to only authorised personnel; and/or
- securing the location where records are held (e.g. locked room); and/or
- 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 is to be ruled through, initialled and dated. Correction fluid or tape is not acceptable.

Security and Control

Recovery. QHRB 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 by the Accountant 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 are to exist to ensure system security and the integrity of information against vandalism, theft, loss, unauthorised access, disaster and the like.

The Accountant is to be responsible for the regular review of users to ensure access and security profiles are authorised.

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All grants to or from QHRB must be supported by an approved and certified grant agreement.

All grants to or from QHRB are to be used for the agreed purposes, and be accounted for pursuant to the terms and conditions of the approved grant agreement.

QHRB 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 in order to ensure that the grant results in benefits.

Grants are paid *from* QHRB to another entity or *to* QHRB from another entity for a specified purpose. Therefore, grants can be classified as either a Revenue or Expenditure item.

Primarily this chapter deals with grants *from* QHRB to another entity. (Grants *to* QHRB from another entity are to be in accordance with the processes of the other entity.)

For the purposes of this chapter, payment of administration fees, prizemoney, marketing and promotion, capital works and repairs and maintenance by QHRB to race clubs are not to be regarded as grants.

Application for a Grant *from* QHRB

SUBMISSIONS

Development. Projects proposed for funding *to* and *from* QHRB should be in line with QHRB's strategic plan by promoting its stated aims and objectives.

Components. As a minimum, the grantee is required to submit the following information:

- clear statement of the purpose of the approved grant; and
- proposed grant amount; and
- objectives of the project; and
- approved budget; and
- conditions under which the grant is provided (e.g. standard terms and conditions); and
- security arrangements for assets acquired using grant funds; and
- project performance indicators (negotiated between the two parties and agreed to by both).

ASSESSMENT

Basis of assessment. Based on the documentation and details provided by QHRB, and the stated evaluation criteria, QHRB 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 QHRB and grantee.

The grantee will be required to submit a letter of acceptance to QHRB.

The acceptance is to be signed in accordance with any governing legislation and, where applicable, executed under common seal.

Recording. QHRB 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, is also to be created as the basis for regular progress reporting.

Budget details and reporting requirements are also to be recorded on the appropriate management information system.

Administration of Grant *from* QHRB

REPORTING

Requirements. It is in the interest of QHRB to 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.

Rollover. If a project cannot be completed within the agreed timeframe, approval to rollover funds may be sought from QHRB. A written application is to be submitted to QHRB 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 QHRB 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 QHRB 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 CEO (or his delegate).

Bank account. Where appropriate, grant funds are to be deposited into a separate bank account that identifies the grant under which the funds were obtained. The bank account is to 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. The grantee's accounting system is to be structured so as to enable the income and expenses relating to a grant to be identified and reported.

Assets. All assets acquired by a grantee for an approved project funded by a grant will vest in the name of the grantee unless otherwise stipulated by QHRB in the letter of offer and/or grant terms and conditions. All assets are to be recorded in the grantee's asset register.

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 grantee to achieve the project objectives. Any grantee provided a grant by QHRB must adhere to QHRB's approved requirements (if any) 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 may be reporting requirements specified by QHRB 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; and
- ensuring compliance with grant terms and conditions; and
- 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 those indicators to the CEO.

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 can 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; and/or
- terms and conditions of the grant; and/or
- project performance indicators of the grant.

In relation to physical variations, the grantee is to 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 QHRB 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 is to be exchanged between QHRB and grantee.

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; and/or
- There is a reduction of the original grant amount (e.g. grant funds are surplus to the approved project in the current financial year); and/or
- There are offsets of surpluses carried forward from previous financial years; and/or
- 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 are to 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); and
- funds can be accounted for; and
- 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 is to be observed by both QHRB and grantee. Failure to provide acquittance documentation by the due date may constitute a breach of grant terms and conditions and may prevent future funding until the original grant is acquitted.

Auditor's report. Grant terms and conditions are to stipulate a requirement for an auditor's report. Audited financial statements are to 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 can 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 funds. With the written approval of the Board, the grant is to be acquitted in the following financial year after the funds have been 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, when it is to be acquitted after the funds have been 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; and/or
- 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 QHRB by the grantee detailing suggested uses for the funds.

Surplus funds may not be used by the grantee until such time as written approval from QHRB 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, QHRB 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 by QHRB 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, QHRB 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 is to separately identify income from the surplus and the current year's grant.

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)); and/or
- there has been a shortfall of project-generated income; and/or
- 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; and/or
- reducing current year expenditure; and/or
- generating additional income from the project; and/or
- requesting approval to sell assets purchased from project funds.

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Assets of the Statutory Body (this includes QHRB) are to be promptly identified and recorded in its records.

Assets are to be acquired, used and disposed of in the most effective and efficient manner for the Statutory Body (this includes QHRB).

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 within in all material respects.

OVERVIEW

In strict accounting terms, an asset is defined as future economic benefits controlled by a Statutory Body (this includes QHRB) 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 (this includes QHRB) 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 QHRB'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 previous reporting period.
- Non-current assets are those assets that are NOT expected to be converted to cash, sold or consumed within 12 months of the previous 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 QHRB 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 QHRB provides on loan.
- **Library.** Includes the books, publications, audio-visual materials and other reference material held in QHRB'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. and
- The Statutory Body (this includes QHRB) 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. and
- The transaction or event enabling the entity to control the future economic benefits has occurred. and
- The value of the asset is able to be measured reliably.

An asset is to be recognised irrespective of whether or not it was:

- a gift, donation or bequest; or
- purchased or otherwise acquired by QHRB; or
- provided by a government entity; or
- obtained by other means.

ASSETS STRATEGIC PLAN

As required by s.24 of the *Financial Management Standard 1997*, QHRB is to develop, each year, an Assets Strategic Plan that covers four years. The plan is to provide for:

- an analysis of issues that may influence QHRB in its requirements; and

- an analysis of assets already held in relation to QHRB's needs and those of its customers; and
- need for new assets; and
- strategies for maintaining an appropriate level of service potential; and
- strategies for disposing of assets not now required.

As required by s.26 of the *Financial Management Standard 1997*, QHRB is to consult with the Minister in the preparation of the Strategic Plan.

EVALUATIONS OF ASSET INVESTMENTS

In accordance with s. 47(1) of the *Financial Management Standard 1997,* where QHRB estimates the cost of an investment in acquiring, maintaining or improving a physical asset is in excess of $1 million, a written evaluation must be prepared before making the investment. (If relevant at all, this requirement likely would be limited only to the Albion Park complex.)

The evaluation must comprise:

- preparation of an approval of all reasonable investment options that would meet the needs of the Statutory Body (this includes QHRB);
- 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 $1 million or more (as stated in the Strategic Plan).

In accordance with s. 47(4) of the *Financial Management Standard 1997,* within six months of the end of the financial year, QHRB must forward to the Treasurer details of the evaluations performed in the financial year, and a document detailing the processes and results, where the investment in acquiring, maintaining or improving was more than $5 million. (If relevant at all, this requirement likely would be limited only to the Albion Park complex.)

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 QHRB by clients; or
- 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; or
- 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 is to 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 is to 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 is not to be issued to that employee until the outstanding acquittal for a previous accountable advance is settled. An acquittal must be submitted by the employee 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 CEO.

Register. A register of imprest accounts is to be maintained. This register is to include the following information:

- type of imprest (petty cash, cash float); and
- location of advance; and
- custodian officer responsible for the advance; and
- total value of the advance; and
- any variations to the value of the advance.

Petty Cash

Reimbursements. The maximum amount for a single petty cash reimbursement is set by the CEO.

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 is to be restricted to the delegated officer.

Petty cash is to be kept secure in a locked strong box retained in the office safe.

Petty cash accountable advances are to be recouped no less frequently than monthly, and each recoupment must be verified by an internal check officer. Evidence of this check is to be recorded.

Cash Floats

Reconciliation. At all times, the amount on hand less the monies received is to equal the amount of the cash float.

Register. The details of all cash floats issued to officers is to be recorded.

Bank Accounts

OVERVIEW

Bank accounts are utilised by QHRB to accommodate receipting and payment functions. The establishment and administration of bank accounts is at the direction of the Board (refer s. 46C(c) of the *Financial Administration and Audit Act 1977*).

Bank reconciliations are the monthly comparisons between the bank account balance as per the bank records and the balance as per QHRB's records.

Unclaimed monies are those funds paid by QHRB 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 QHRB.

Account name. All bank accounts are to be operated in the name of QHRB. The account title may also incorporate other information that will identify the source of the funds.

Authorities. The Board is 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 CEO is to forward a request to the bank. The account title is to be incorporated in the request.

When a new bank account is opened, the bank can be expected to 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 CEO is to forward a request to the bank. When a bank account is to be closed, the bank can be expected to require instructions for:

- transferring of any funds remaining in the account; and
- redirection of any outstanding cheques and deposits.

CHEQUE SIGNATORIES

Approval. An authorised officer requiring authority to sign cheques drawn on a QHRB bank account is to be approved by the Board. 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 QHRB to be signed by two QHRB staff).

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 can be expected to 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 by the Accountant to cancel the authority.

Encashment authorities. QHRB 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. As per the Instrument of Delegations, the CEO must give permission for an officer of QHRB to be authorised to open cheques for encashment.

USE OF BANK ACCOUNTS

Collections. All monies collected or received by QHRB are to be promptly credited to a QHRB bank account.

Expenses. Monies are to be paid from a QHRB 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. QHRB 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 QHRB.

BANK RECONCILIATIONS

Objectives. The objectives of a bank reconciliation are to:

- ensure that all cash transactions (payments and receipts) have been accounted for; and
- confirm that the bank's records are correct; and
- verify that the records of the Statutory Body are correct.

Timing. Bank reconciliations are to be prepared by an authorised officer at least monthly.

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 QHRB but not by the bank (e.g. outstanding deposits, deposits in transit, outstanding cheques); and
- items recorded by the bank but not by QHRB (e.g. direct deposits, bank fees, interest earned).

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 QHRB'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); and/or
- 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 QHRB 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 QHRB 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 QHRB 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 QHRB.

Trade debtors are those with debts arising from the sale of goods or services on a credit basis (i.e. QHRB 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; and
- once-only credit sales of goods or services to debtors who have not been approved as trade debtors; and
- overpayment or duplicate payment of a supplier's account or invoice.

GENERAL POLICY

- All accounts receivable are to be promptly recognised and recorded in QHRB's accounting system and invoices are to be issued promptly to all debtors.
- Appropriate follow-up action is to 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 QHRB 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; and
- raising and issuing invoices, accounts or notices in accordance with procedures specified for each debtor system; and
- following-up overdue debts in accordance with procedures developed for each debtors system and, where appropriate, instigating legal proceedings for recovery; and
- taking action to write-off irrecoverable debts; and
- providing management reports and information in respect to debtors.

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 QHRB.

Credit is to be provided at the discretion of QHRB 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; and
- 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 is to be taken for an overdue account receivable by the officer responsible for debt management.

Further credit is NOT to 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.

The following process is to be observed in following up overdue debts:

- The officer responsible for debt management is to initiate contact with the debtor, reminding the debtor of QHRB's credit terms and requesting immediate payment. and
- For accounts overdue for more than 30 days, a formal letter requesting payment is to be sent to the debtor. and
- All accounts overdue for more than 60 days are to be referred to the CEO 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 QHRB 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 needs to be made. This list is to be forwarded to the Accountant.

Write-off of a bad debt is not to 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; and
- amount of the overdue account; and

- whether or not a dispute exists in relation to the account and, if so, the details of that dispute; and
- whether or not the write-off relates to a failure of an officer to collect monies, or was outside the direct control of QHRB.

The formal write-off process for bad debts is to be conducted at least 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* QHRB receives those goods or services.

Examples of instances where prepayments are most commonly sought are:

- purchases of library books; and
- mail order purchases; and
- conference or course attendance fees; and
- purchases of publications.

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. As per the Instrument of Delegations, before approving prepayments, the financial delegate must investigate the purchase terms and conditions to ensure that the interests of QHRB are addressed. Considerations include:

- a guaranteed delivery or completion date; and
- refund conditions (e.g. full or part refund upon cancellation of conference attendance); and
- a nil price variance so that further charges cannot be incurred between the time of payment and delivery; and
- 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); and
- supplier details (name, address, telephone); and
- due date for supply.

CONFIRMATION OF GOODS/SERVICES RECEIVED

Receipt of goods or services. When prepaid goods or services have been received, the authorised officer of QHRB 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 by the Accountant or other authorised officer.

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 QHRB that are held for resale or donation. Examples include promotional items, rule books, and the like.

If QHRB does not have any bulk consumable stores that are of a material value (e.g. stationery stores), in the Accountant's opinion, these items are not considered to be inventories and are expensed in the current period.

RECEIPT AND RECORDING

Inspection. On 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 by officer(s) nominated by the CEO and using processes suitable to the Accountant. This record is to be updated with all stock movements (issues, returns and write-offs) so QHRB 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. In accordance with the Instrument of Delegations, complimentary issues of saleable inventory are to be approved by the CEO. 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 QHRB, 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 10. MISCELLANEOUS', 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 Board for any necessary authority to write-off losses. 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; and
- 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 10. MISCELLANEOUS', in this manual).

Investments

OVERVIEW

Investments are assets held by QHRB for the generation of income such as interest, dividends and rentals, but do not include assets used in the operation of QHRB.

Investments are assets that may have current and non-current components.

All investments are to be identified and correctly authorised in accordance with the relevant legislation governing QHRB.

Investments must be properly recorded in QHRB's accounting records, and disclosed in the financial statements and quarterly performance reports.

AUTHORITY

All Boards (this includes QHRB) governed by the *Racing Act 2002* are classified as Statutory Bodies under the *Statutory Bodies Financial Arrangements Act 1982*. That Act states the powers of the Statutory Bodies to enter into financial arrangements.

The investment powers of QHRB must be approved by the Treasurer, as detailed in the Act and the Statutory Bodies Financial Arrangements Regulation 1997.

CONTROLS

Management. Controls are to be in place to ensure investments are correctly managed and recorded.

Formal approval for movement of these investments, given by the Board of QHRB, must be signed before action is 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. As per S. 74 of the *Statutory Bodies Financial Arrangements Act 1982,* 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; and
- name of investment; and
- value; and
- term; and
- interest rate; and
- interest calculated; and
- interest received.

Portable and Attractive Items

OVERVIEW

Certain types of assets that have values below the non-current physical asset recording thresholds prescribed in s. 45(2)(c) of the *Financial Management Standard 1997* 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 s. 45(2)(c) of the *Financial Management Standard 1997* 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; and
- mobile telephones; and
- audio visual equipment (including televisions and video recorders); and
- artwork; and
- office equipment (telephones, facsimiles, microwave ovens); and
- specialised computer software; and
- 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) are to 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; and
- serial number (if applicable); and
- model/brand name; and
- cost; and
- physical location; and
- record of transfers; and
- 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.

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 QHRB, one of whom is not to 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 10. MISCELLANEOUS', 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 Board. 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; and
- additional items located through the stocktake process; and
- 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 Board.

Methods. Methods of disposal include:

- advertisement for sale in other publication (e.g. local newspaper); and
- public auction; and
- scrapping or recycling; and
- dumping.

Proceeds. Where the disposal of a portable and attractive item results in QHRB receiving proceeds from sale, the monies are to be receipted and banked. The allocation of the proceeds is to be approved by the CEO, 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

OVERVIEW

The value and nature of QHRB'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 QHRB:

- identification; and
- acquisition; and
- recognition; and
- valuation; and
- recording; and
- safeguarding and use; and
- improvements, repairs and maintenance; and
- depreciation; and
- revaluation; and
- stocktakes; and
- 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 s. 45(2)(c) of the *Financial Management Standard 1997* (excluding portable and attractive items which are to be recorded regardless of value); 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 portable and attractive items) are not to be recorded as non-current physical assets. The excluded 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
- computer equipment; and
- 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; or
- donations, transfers or gifts to QHRB.

For further information regarding general purchasing principles, the procurement process and special conditions, see 'Purchasing', in this manual.

Asset Construction

Costs. When QHRB 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, Maintenance and/or Improvements ≥ $1 million

Evaluation. If it is expected that an investment in a non-current physical asset will be $1 million or more, a written evaluation must be performed (refer s. 47 of the *Financial Management Standard 1997*. The evaluation should contain:

- an appraisal of all reasonable options that would meet the needs of QHRB; and
- prioritisation of the investment in the asset in relation to other physical assets (costing $1 million or more for acquisition, maintenance and/or improvement), in accordance with QHRB's Assets Strategic Plan; and
- evidence that the option representing the best value for money has been chosen; and

- 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 from 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
- work increases the value of the asset; and/or
- quality of the asset's service is effectively increased; and/or
- enhancement effectively extends the useful life of the asset; and/or
- 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 QHRB, is the date on which control over the service potential or future economic benefits embodied in the asset passes to QHRB.

Where QHRB 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 QHRB has acquired the asset by other means, the acquisition date will be the date of the gift, donation or transfer to QHRB.

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 QHRB was deprived of the asset.

In revaluing its non-current physical assets, QHRB must comprehensively revalue (at least once every five years) and otherwise revalue (at least annually between comprehensive revaluations) its "material assets" (as defined in s. 45(12) of the *Financial Management Standard 1997*)

The critical test in applying the deprival value methodology to the valuation and revaluation of assets is whether or not 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 QHRB 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 QHRB.

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 QHRB); and
- description of the item; and
- serial number (if applicable); and
- model/brand name; and
- date of acquisition; and
- original cost or other assigned value on acquisition; and
- revalued amount (when applicable); and
- physical location; and
- estimated useful life; and
- depreciation rate and written-down value; and

- record of transfers; and
- 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 on receipt of a non-current physical asset, it is to be marked as the property of QHRB. 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.

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 of assets has occurred, the employee is potentially liable for damage, destruction or loss of the asset.

The CEO 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; and
- age of the existing asset and compare this to the efficiency of a replacement asset; and
- 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:

- enhancement produces an effective increase in capacity or efficiency in the present or planned service capacity of the asset which will be utilised; and/or
- enhancement increases the value of the asset; and/or

- enhancement produces an effective increase in the quality of the asset's service; and/or
- enhancement effectively extends the useful life of the asset; and/or
- 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, ongoing 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 QHRB's accounting records. It is the steady cost to QHRB of the decline in service potential of a non-current physical asset over the period during which it gives benefit to QHRB.

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 QHRB's financial statements.

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 QHRB.

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 aspects.

- **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 *Income Tax* Assessment *Ac 1997*:
  - 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 QHRB (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 QHRB; and
- that the costs associated with the use of QHRB'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 non-current physical assets, QHRB must comprehensively revalue (at least once every five years) and otherwise revalue (at least annually between comprehensive revaluations) its "material assets" (as defined in s. 45(12) of the *Financial Management Standard 1997*).

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 is to be made in accordance with the Queensland Government's State Purchasing Policy.

Transactions. Revaluations could 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 QHRB's non-current physical assets register.

Disclosure. In QHRB'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; and
- basis of the revaluation; and
- QHRB's revaluation policy and whether the revaluation of the asset occurred in accordance with this policy; and
- date of revaluation; and
- 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 QHRB's non-current physical assets register; and
- all assets are valued at cost or their depreciated amount; and
- management has reliable information regarding QHRB'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 is not to have duties directly relating to the maintenance of the assets and associated records. The second officer can 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 10. MISCELLANEOUS', 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 CEO. 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; and
- additional assets located through the stocktake process; and
- 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 (refer Instrument of Delegations).

Methods. Depending on the value of the non-current physical asset being disposed of and at the discretion of QHRB, methods of disposal include:

- advertisement for sale in other publication (e.g. local newspaper); or
- public auction; or
- scrapping or recycling; or
- dumping.

Proceeds. Where the disposal of a non-current physical asset results in QHRB receiving proceeds from sale, the monies are to be receipted and banked. The allocation of the proceeds is to be approved by the CEO.

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; and
- films; and
- periodicals; and
- audio visual resources; and
- conference papers; and
- reports; and
- floppy disks; and
- CD-ROMs; and
- online library databases; and
- interactive multimedia; and
- 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 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 QHRB, 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 QHRB'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; and
- using permanent markings to identify the resources as the property of QHRB; and
- 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 s. 45(2)(c) of the *Financial Management Standard 1997* are to be identified, properly recorded in the accounting records and amortised over the useful life of the asset.

OVERVIEW

An intangible asset is a non-current asset that is not physical in nature but derives it value from the special rights that possession and use confer to QHRB as owner of the asset. Examples of intangible assets include patents, trademarks, copyrights and brand names.

RECORDING, DISCLOSURE AND REVIEW

Recording. Intangible assets are to be recorded in the asset register at their acquisition cost or fair value should an acquisition cost not exist.

Disclosure. Intangible assets are to be disclosed in the annual Financial Statements.

Systems, Security and Control

OVERVIEW

The systems, security and internal controls established for assets ensure that:

- assets are safeguarded; and
- fraudulent use or misuse of assets that may result in a loss to QHRB is prevented; and
- the integrity of QHRB 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 enhanced by:

- lodging all monies at a bank; and
- providing reasonably secured locations for the storage of assets; and
- restricting access to authorised personnel; and
- prohibiting or, if appropriate, exercising strict control over private use; and
- using permanent identification techniques to mark assets as the property of QHRB; and
- 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 QHRB's assets that provide opportunity for misconduct or fraudulent use are to be segregated. For example:

- the duties of collecting monies and banking of monies; and
- duties involving the administration of inventories and the approval of inventory transactions; and
- duties of administering the process of debt collection and the write-off of debts.

Contents

General Policy

POLICY

All liabilities of the Statutory Body (this includes QHRB) 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 QHRB is obliged to make to other entities as a result of past transactions or events.

Liabilities therefore represent claims by individuals or organisations against QHRB for:

- goods or services provided; or
- monies owing due to legal action against QHRB having been successful; or
- any other cause that results in QHRB 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. and
- 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 the following.

- **Creditors.** When QHRB 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 is to be recognised when:

  - goods and/or services have been received but the invoice has not been received; or
  - invoices have been received but not yet entered into the accounting system; or
  - invoices have been received and entered into the system but have not been paid; or
  - 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.

- **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 QHRB, e.g. that portion of fees received in one financial year that covers a period in the next year.

  Revenue is to 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 or not it is a liability cannot be determined.
- **Unexpended grants.** Includes those grant monies that QHRB 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 QHRB 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

OVERVIEW

Employee entitlements arise as a result of past services of employees and accordingly impose a present and future obligation on QHRB. 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 is to be disclosed as liabilities in the financial statements:

- annual leave (including leave loading); and
- long-service leave; and
- outstanding salaries and wages (including fringe benefits and non-monetary benefits); and
- superannuation; and
- 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 QHRB.

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. All employees (including casuals) 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

OVERVIEW

Some expenses, such as salaries, are incurred at the close of the accounting period but not recorded in QHRB'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

OVERVIEW

Monies are not to be borrowed unless authorised by an Act or law and approved by the Board of QHRB 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; and
- proposed interest rate (fixed or variable, risk margin); and
- terms of the arrangement; and
- maturity schedule of the debt finance required; and
- ability of QHRB to meet loan redemption and interest at the due date; and
- temporary fluctuations versus permanent needs of QHRB; and
- 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 QHRB.

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

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 or not it is a liability cannot be determined. (For example, creditors from litigation can be contingent before they become actual creditors.)

Situations arise where QHRB 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 QHRB'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

OVERVIEW

The systems, security and internal controls established for liabilities are to ensure that:

- liabilities are promptly identified, assessed and recorded; and
- liabilities are not incurred without proper authority; and
- 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.

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General Policy

POLICY

Equity (or net assets), where applicable, is defined and recorded to ensure that:

- *it is identified and recorded; and*
- *it is maintained in accordance with the requirements of any act or law and any approved strategies, plans or economic objectives; and*
- *it is subject to adequate internal controls; and*
- *amounts appropriated from surpluses or from reserves are separately recorded; and*
- *grants that qualify to be recorded as equity are supported by records giving the particulars of each grant; and*
- *authorised reserves, including asset revaluation, are properly established and kept; and*
- *appropriations for distribution to equity interests are approved by a competent authority and properly recorded in QHRB'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 QHRB and is the residual amount after deducting all liabilities from all assets.

The relationship between the elements of the financial statements follows.

- 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; and/or
- appropriations; and/or
- accumulated surplus/deficit; and/or
- asset revaluations and reserves.

Equity can be created through:

- contributions from other entities; and/or
- excess of revenue and expenses during a reporting period; and/or
- asset revaluation results.

REPORTING

The components comprising the equity balance of QHRB are:

- accumulated funds, representing the existing balances of all components from previous financial years that are transferred to this component at year end; and
- reserves; and
- 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.

Each class of equity is to 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; and/or
- application of an accounting standard; and/or
- approved management decisions.

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.

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Delegations

POLICY

The delegations for QHRB are contained in the Instrument of Delegations.

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 is to be made to the Board.

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; and
- specific financial and administrative areas to which the delegation relates; and
- title of position allocated with the delegations; and
- authorisation limits of the delegation; and
- details of the approval given for the delegation, including date and authority.

The Instrument of Delegations must be updated for any changes approved by the Board and then 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 QHRB 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 QHRB, to a particular financial limit and subject to obtaining expenditure authority.

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 this Financial Management Practice Manual.

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; and
- manual purchase orders; and
- manual requisitions; and
- manual and system cheques.

SECURITY AND CONTROL

Policy. QHRB is to 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 are to be strictly controlled and all unused forms are to be kept in a secure location.

Accountable forms register. An accountable forms register is to be maintained in the Finance, Administration and Governance Unit and regular checks are to be done by an independent officer to ensure the register's accuracy.

The register will contain the following information:

- date the forms were received; and
- serial numbers and number of forms received; and
- date the forms were issued; and
- sequence of forms that were issued; and
- section to which the forms were issued; and
- acknowledgment of receiving the forms.

Journal Entries

OVERVIEW

Journal entries adjust information recorded in QHRB's accounting system and are used for:

- amending or adjusting a transaction previously recorded in the accounting system; and/or
- transferring expenses between account codes; and/or
- recognising direct debit transactions, and bank fees and charges in the bank accounts; and/or
- recording non-cash transactions (e.g. depreciation); and/or
- 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 are to 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 QHRB or the value of an asset that is owned by QHRB. Losses result in the forfeiture of QHRB monies or property and arise as the result of:

- destruction, condemnation, obsolescence, deterioration, theft of or damage to items of property; and/or
- theft or other loss/shortage of monies; and/or
- irrecoverable overpayments; and/or
- debts written-off; and/or
- waivers of rights to claim; and/or
- expenditure made without lawful authority; and/or
- failure to assess amounts receivable; and/or
- discounts lost.

A loss does not occur in the routine write-off of assets at the end of their useful lives, nor in the complementary issuing of saleable items, as approved by the appropriate delegate.

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 by the Accountant.

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 CEO. 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 CEO is to be advised of the circumstances and the loss is to be written-off. The CEO may wish to take further action where a loss has occurred due to the failure of an employee to fulfil their duties (e.g. obtain 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 CEO is responsible for determining the appropriate course of action, including notifying the Queensland Police of the offence.

In cases where official misconduct is suspected, QHRB must advise the Criminal and Misconduct Commission and the Auditor-General.

WRITE-OFF

Value. The value of a loss will be determined as:

- the actual value of monies lost; or
- the value of debts not recovered; or
- the depreciated value of an asset, offset by the amount that is recovered through disposal; or
- 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; and
- particulars of the loss (e.g. theft, wilful damage); and
- assessed value of the loss; and
- cause of the loss; and
- names of the person(s) responsible for, or who contributed to, the loss (if applicable); and
- investigative, recovery and/or prosecution action taken, and the results; and
- amount or property recovered, if any; and
- 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 are to be notified to, 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 QHRB file.

Register of Losses. The Register of Losses must include the following details:

- description of the property, including its value; and
- reason for the loss; and
- action taken; and
- provision established in anticipation of the type of loss; and
- 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 QHRB 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 QHRB'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; and
- accurately, completely and promptly recording all transactions involving receipt of cash; and
- ensuring that invoices for accounts receivable are promptly raised and dispatched; and
- using cost-effective methods of encouraging prompt payment of accounts receivable; and
- 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; and
- ensuring that accounts payable are not remitted before the agreed due date for payment; and
- 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 QHRB 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. S. 57A of the *Financial Management Standard 1997* states that a Statutory Body (this includes QHRB) must develop and implement systems for the management of its contingencies.

Reporting. In accordance with s. 57B(1) of *Financial Management Standard 1997*, a report is to 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; and
- recommendation about proposed plans; and
- details of any decisions required of the Board about its contingencies.

Register. A register of contingencies must be maintained by the Accountant, including the following details for each contingency:

- description; and
- value; and
- how the contingency arose; and
- 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.

QHRB is exempt from paying income tax.

QHRB is involved in the following taxes. (Details follow.)

- Fringe Benefits Tax
- PAYG (Income) Tax
- Payroll Tax
- Goods and Services Tax.

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; and
- records are maintained in accordance with the relevant legislation and/or other requirements of taxation authorities.

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 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, Administration and Governance Unit to support payments for expenditure that might 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; and
- car parking; and
- housing; and
- entertainment; and
- various expenses that are reimbursed to employees (e.g. home telephone).

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; or
- lodged an employment declaration not claiming the general threshold; or
- 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 is to 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 payment summaries.

Payment summary reconciliation. When payment summaries (previously known as group certificates) are issued, the total tax instalments deductions shown on the summaries 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 is to 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 QHRB. 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 broad-based consumption tax on the supply of most goods and services consumed in Australia. The GST was 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.

Taxation

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 obtains 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 QHRB buys are taxable and, therefore, will have a GST component of 10% included in the amount payable to the supplier. Providing QHRB holds a valid tax invoice to support these payments, it will be entitled to claim the GST component of 10% back from the Australian Taxation Office when the monthly tax return (this return is called a Business Activity Statement – BAS) for QHRB is completed. The exception to this rule is non-deductible expenditure.

Taxation

For QHRB to survive the GST at minimum cost and avoid adverse audit opinion, it needs to:

- ensure that tax invoices are obtained for all expenditure; and
- incorporate GST in revenue and prices, where applicable; and
- allocate correct tax codes to all general ledger transactions; and
- compare like with like when making price comparisons; and
- 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 QHRB to assist in ensuring that:

- QHRB business is conducted in an orderly and efficient manner; and
- assets are safeguarded; and
- fraud and error are detected and, as far as practicable, prevented; and
- accounting records are accurate and complete; and
- financial information is reliable and prepared in a timely manner.

QHRB management is responsible for developing, implementing and monitoring system and internal controls that satisfy QHRB, Government and public accountability requirements. All officers of QHRB 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 QHRB to its operations and the emphasis and importance placed on the system and internal controls, as reflected in the policies and practices of QHRB 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 QHRB.
- **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 QHRB are to:

- ensure that the conduct of QHRB business is orderly and efficient; and
- execute transactions only in accordance with management's general and specific authorisation to do so; and
- promptly and accurately record all transactions in the correct amount, appropriate accounts and the accounting period in which they occurred; and
- maintain financial records that completely and accurately reflect the entire operational activities of QHRB and allow the timely preparation of financial information within the framework of constraining accounting policies and standards; and
- ensure that assets are safeguarded from unauthorised use or disposition by allowing only authorised access and regularly comparing records of assets with physical assets; and
- ensure that irregularities are prevented as far as is possible and detected should they occur.

Segregation of duties. The duties of officers of QHRB 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 QHRB 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; and
- limiting physical access to accounting system media; and
- limiting access to elements of accounting systems (e.g. programs, files) to only authorised officers (with authorisation based on QHRB's needs and the duties that officers are required to carry out) ; and
- 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 enhanced by:

- restricting access to only authorised personnel; and
- ensuring the physical security of the location where records are held (e.g. locked room); and
- 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 or tape is not acceptable.

Disaster recovery. QHRB is to 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 QHRB is to be maintained by all officers. Persons performing any duty for QHRB 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 QHRB or any person performing any duty for QHRB is not to 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 QHRB.

System Appraisals

POLICY

- In accordance with s. 12 of the *Financial Management Standard 1997*, QHRB must ensure that its financial systems remain cost effective and appropriate for the operations of QHRB.
- In accordance with s. 72 of the *Financial Management Standard 1997*, 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.
- Importantly, in accordance with s. 72(3) of the *Financial Management Standard 1997*, ALL systems must be reviewed by 30 June 2006.

PRACTICE

Assessments. A system appraisal will consist of an internal review that assesses:

- if appropriate and cost effective controls are in place and functioning properly; and
- the appropriateness of the system and the procedures operating within the system; and
- if the system is operating efficiently, effectively and economically; and
- if it is the best practice alternative for the operations of QHRB; and
- if the system is adequately documented in the Financial Management Practices Manual.

Procedures. The following steps are to be included when carrying out a system appraisal:

- identify the system; and
- document the system; and
- state the internal control objectives; and
- apply internal control checks; and
- collate proposed actions in a report to the Board; and
- implement action plan (including follow-up action at a future date).

Frequency. Circumstances may arise that require system appraisals to be conducted more frequently than every three years. Such circumstances include:

- changes in organisational structure; and
- staffing changes; and
- new initiatives; and
- post-implementation of new systems; and
- system modifications; and
- 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 (this includes QHRB) 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.

In accordance with s. 46C(ha) of the *Financial Administration and Audit Act 1977*, for reasons of economy, QHRB has decided not to establish an internal audit function and the Minister has not made a determination that QHRB is to establish one.

Conflicts of Interest

OVERVIEW

A conflict of interest may arise, or be seen to arise, where benefits accruing to a QHRB 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; and/or
- carrying on QHRB business with persons or companies who offer undisclosed commissions in return for favouritism in decision-making; and/or
- carrying on QHRB business with family, friends or business acquaintances; and/or
- an employee establishing a business to provide QHRB with goods or services; and/or
- any other circumstances in which an officer feels their integrity and professionalism is compromised.

QHRB employees are responsible for reporting real or apparent conflicts of interest to the CEO and/or Chair (as appropriate) for determination.

PARTICULAR ASPECTS OF CONFLICTS

Notification. Immediately an employee or Board member becomes aware that a real or apparent conflict of interest has arisen or is likely to arise, that officer is required to notify the CEO or Chair (as appropriate), 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 CEO/Board Chair is responsible for determining the extent of the conflict and instigating appropriate investigations to resolve the conflict.

Personal conflicts. When an employee or Board member believes that circumstances exist that will compromise their personal integrity or professionalism, that employee is to report the details to the CEO or Chair (as appropriate). QHRB is to support all employees or Board member who are able to justify non-performance of duties when they believe a personal conflict of interest has arisen.

Risk Management

OVERVIEW

Risk management is a series of steps designed to minimise the exposure of QHRB 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 QHRB.

QHRB 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 QHRB. 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 minimise 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, QHRB is to:

- identify the extent of risk exposure by means of risk surveys; and
- initiate, coordinate and monitor actions to reduce or eliminate risks; and
- consider risk management training programs; and
- 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 minimisation or control of risks themselves, rather than through the payment of large insurance premiums.

Financial Records

OVERVIEW

A financial record is any written, typed or computerised record pertaining to the financial business of QHRB. Financial records may be required from time to time in relation to general inquiries, special reports, accounting adjustments, litigation or audit.

The CEO 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 QHRB 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. (The CEO has responsibility to monitor changes about the recognition in law of various forms of financial records.)

Where records are stored by microfilm or electronic storage:

- an adequate referencing and indexing system is to be established and maintained to identify and locate records; and
- effective safeguards are to be implemented for the safe custody and storage of records; and
- access to reproduced records are to be restricted to authorised personnel; and
- procedures for the retrieval of reproduced records are to be implemented and will incorporate an audit trail; and
- internal check systems are to 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 CEO has approved their destruction, in writing; and
- the Archivist has consented to the destruction, in writing, of those particular records (or to a class of records).

DESTRUCTION

Register. A register of financial records approved for destruction is to be maintained by the Accountant. The register is to 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; and
- reason for destruction; and
- date of destruction; and
- method of destruction; and
- 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 QHRB. The chosen method of destruction is to ensure the security of the information contained in the records (e.g. shredding is more appropriate than dumping).

Instrument of Delegations

(This instrument is to be used in conjunction with the
Financial Management Obligations of the CEO and the Financial Management Practice Manual.)

Approval of Instrument of Delegations

This Instrument of Delegations was approved at a formal meeting of the Board of QHRB. It can be cited as the version shown in the footer. This approval supercedes all others.

W. R. (Bill) Lenehan

Chair, QHRB

General Conditions of Delegations

- CEO can exercise any of the delegations of his subordinates.
- Delegations are made to a position and not a person.
- All officers occupying positions that have delegations must be given a copy of the relevant version of the Instrument of Delegations.
- Approvals by delegated officers must be in writing and must show the official position title and date.
- Delegations are NOT to be made ON BEHALF OF a delegated officer.
- The financial delegations apply ONLY to budgets under the control of the delegated officer.
- Delegated officers are not permitted to approve their own expenditure.
- Delegated officers are not to approve any expenditure where there could be a perceived conflict of interest.
- All financial approvals must be obtained prior to purchase.
- Proposed expenditure must be within budget.

Instrument of Delegations and Financial Management Practice Manual

Delegated power	Position delegated	Additional conditions of delegation (if any)	How often?	Source of obligation
Initial approval of Instrument of Delegations	Board	None	Once only	QHRB is required to have a system for delegations (S. 88 of *Financial Management Standard 1997*)
Changes to Instrument of Delegations	Board	None	Whenever changes are proposed	QHRB is required to have a system for delegations (S. 88 of *Financial Management Standard 1997*)
Initial approval of Financial Management Practice Manual	Board	None	Once only	S. 46C(h)(i) of the *Financial Administration and Audit Act 1977* requires QHRB to prepare and amend as required.
Policy changes to Financial Management Practice Manual	Board	None	Whenever **policy changes** are proposed	S. 46C(h)(i) of the *Financial Administration and Audit Act 1977* requires QHRB to prepare and amend as required.
Procedural changes to Financial Management Practice Manual	CEO	If in doubt, CEO is to confer with the Chair when changes possibly include policy changes that should be considered by the Board.	Whenever **procedural changes** are proposed	S. 46C(h)(i) of the *Financial Administration and Audit Act 1977* requires QHRB to prepare and amend as required.

Matters involving CEO and Board members

Delegated power	Position delegated	Additional conditions of delegation (if any)	How often?	Source of obligation
Matters involving the CEO (for example, hospitality, gifts)	Chair	Prior written approval is required. (It is the CEO's responsibility to remind the Chair when the Minister's endorsement is also required. For example, the Minister's endorsement is also required for overseas travel.)	As required	1. Preamble (page 2) of Financial Management Practice Manual
Matters involving other Board members (for example, hospitality) other than those listed in this Instrument (for example, approval of timesheets for permanent staff, gifts)	Chair and CEO	Prior written approval is required. (It is the CEO's responsibility to remind the Chair when the Minister's endorsement is also required. For example, the Minister's endorsement is also required for overseas travel.)	As required	1. Preamble (page 2) of Financial Management Practice Manual
Matters involving Chair and QHRB staff (for example, hospitality, use of a private vehicle for official purposes, gifts)	CEO	Prior written approval is required. (The Minister's endorsement is also required for overseas travel.)	As required	1. Preamble (page 2) of Financial Management Practice Manual

Approval to Seek TENDERS and QUOTES

Delegated power	Position delegated	Additional conditions of delegation (if any)	How often?	Source of obligation
Tenders and Quotes			As required	5. Expenses (page 5) of Financial Management Practice Manual
> $100,000	CEO	Public tenders		
> $10,000 ≤ $100,000	CEO	Invite tenders from up to three suppliers (to be determined by CEO, who is to choose so as to encourage the best value-for-money result)		
≤ $10,000	CEO	Quotes from up to three suppliers (to be determined by CEO, who is to choose so as to encourage the best value-for-money result)		

Approval to PURCHASE

Delegated power	Position delegated	Additional conditions of delegation (if any)	How often?	Source of obligation
Purchase orders > $100,000 > $50,000 ≤ $100,000 > $20,000 ≤ $50,000 > $5,000 ≤ $20,000 ≤ $5,000	 Board Chair and CEO CEO and Accountant Accountant and Purchasing Officer (for other than software); CEO and Accountant (for software) Purchasing Officer (for other than software); CEO and Accountant (for software)	• Official purchase orders are required (except for tenders and quotes; recurring payments such as electricity; petty cash reimbursements; travel/expenses claims; credit facilities such as for fuel and taxi vouchers; pre-paid transponders for Bridge travel; salary, wages and related costs) • Abnormal purchases must be tabled at next Board meeting • Purchase of capital items must be included as planned capital expenditure in the budget approved by the Board. • The cost of capital items includes all incidental purchase costs such as freight, duties, taxes and installation charges.	As required	5. Expenses (page 4) of Financial Management Practice Manual

Approval to PAY for goods and services

Delegated power	Position delegated	Additional conditions of delegation (if any)	How often?	Source of obligation
Payments WITH orders	Unit Manager	Receiving officer must initial invoice (where appropriate). A copy of the order must be attached to the invoice for payment approval. Approve only permitted types of expenditure. If this involves a prepayment, check that QHRB is protected Unit Managers are accountable for their unit's operation and its performance to budget. Delegates cannot approve their own expenses.	As required	5. Expenses (page 3) of Financial Management Practice Manual
Payments WITHOUT orders	CEO	This includes payment for: • successful tenderers • consultants • contractors • recurrent expenditure (such as for electricity) • credit cards • petty cash reimbursement. Delegates cannot approve their own expenses.	As required	5. Expenses (page 3) of Financial Management Practice Manual

Payment SIGNATORIES (Cheques and EFT)

Delegated power	Position delegated	Additional conditions of delegation (if any)	How often?	Source of obligation
Cheque signatories	CEO and Accountant	None	As required	5. Expenses (pages 30 and 31) Financial Management Practice Manual
EFT signatories	CEO and Accountant	Both signatories must use secure passwords and transmit approval to transfer funds by a secure, dial-up line to the bank.	As required	5. Expenses (pages 30 and 31) Financial Management Practice Manual

Write-offs, disposal, destruction of records, complimentary issue and grants

Delegated power	Position delegated	Additional conditions of delegation (if any)	How often?	Source of obligation
Write-off of revenue foregone and bad debts	Board	None	As required	QHRB is required to have a system for the writing-off of revenue (s. 31(4) of *Financial M'ment St'd 1997*)
Write-off of stock losses and asset losses	Board	None	As required	QHRB is required to have processes for the writing-off of both material losses and non-material losses (s. 42 of *Financial M'ment St'd 1997*)
Disposal of assets	Board	None	As required	QHRB is required to have processes to dispose of its excess assets (s. 49 of *Financial M'ment St'd 1997*)
Destruction of Records	CEO	Subject to the Archivist giving consent to a particular class of records	As required	S. 28(b) of the *Financial Management Standard 1997* and s. 26 of the *Public Records Act 2002*
Complimentary issue of saleable inventory (eg magazine)	CEO	None	As required	7. Assets (page 14) Financial Management Practice Manual
Grants to race clubs (other than for admin fees, prizemoney, marketing/promotion, capital works and repairs & maintenance)	Board	None	As required	6. Grants (page 1) Financial Management Practice Manual

Human Resources (Powers of CEO)

Delegated power	Position delegated	Additional conditions of delegation (if any)	How often?	Source of obligation
Appointments of permanent staff	CEO	Must be within QHRB budget	As required	Not applicable
Determine remuneration rates for permanent and casual staff	CEO	Must be within QHRB budget	As required	Not applicable
Overtime and any other variations to payroll	CEO	Must be within QHRB budget	As required	Not applicable
Engagements of successful tenderers, consultants and contractors	CEO	Must be within QHRB budget	As required	Not applicable

Human Resources (Powers of Unit Manager + with CEO)

Delegated power	Position delegated	Additional conditions of delegation (if any)	How often?	Source of obligation
Permanent staff timesheets management (certifying attendances, leave applications submitted)	Unit Manager	Permanent staff must record their hours worked on the timesheets provided	As required	Not applicable
Casual staff (hiring, rostering and termination)	Unit Manager	Work for casual staff must be within budget	As required	Not applicable
Staff (permanent and casual) management, including rosters and processing leave requests	Unit Manager	Casual staff must record their hours worked on the timesheets provided	As required	Not applicable
Staff (permanent and casual) performance reviews	Unit Manager	None	Annually and during staff probations	Not applicable
Staff (permanent and casual) salary reviews	Unit Manager and CEO	Must be within budget	Annually	Not applicable

Human Resources (Raceday staff)

Delegated power	**Position delegated**	**Additional conditions of delegation (if any)**	**How often?**	**Source of obligation**
Timesheets of asual raceday staff (verification that staff were those rostered and/or verification of times worked)	Camera Coordinator for Camera Operators and Chief Steward for other raceday staff	None	During each race meeting	Not applicable
Satisfaction reports of successful raceday tenderers (This is done by ticking good performance on a form and later sending by office staff.)	Chief Steward	None	After each race meeting	Not applicable
Payment of casual raceday staff (calculation of times/amount to be paid)	Chairman of Stewards	None	After each race meeting	Not applicable

Register of QHRB's Instrument of Delegations

Date of Board approval	Version of Delegation approved	Chair's signature	CEO's signature

Some Legislative Obligations of CEO
(This document complements QHRB's Instrument of Delegations)

Obligation	How often?	Source of obligation
Develop and maintain **code of conduct** (including consultation with Board members and staff)	Initial development and "as required" review	Ss. 15-16 of *Public Sector Ethics Act 1994*
Ensure Board members and staff have been trained in **public sector ethics** (including the code)	As required	S. 21 of *Public Sector Ethics Act 1994*

Develop **Strategic Plan**, ICT Resources Strategic **Plan**, **Assets Strategic Plan** and **Operational Plan**	Annually before 1 July	Ss.17, 22 and 24 of *Financial Management Standard 1997*
Seek approval (or otherwise) of Board to **fees and charges** for forthcoming racing season	Annually, in time to finalise budget.	QHRB can charge fees for its services (refer s.35 of *Racing Act 2002*). Also, s. 36(1) of the *Financial Management Standard 1997* requires QHRB to decide the level of charges for its services.
Report to Board about **"material" contingencies.**	Quarterly	S. 57B(1) of *Financial Management Standard 1997*

Manage an appraisal or risk assessment of **each QHRB system every 3 years**	Annually	S. 72(2) of *Financial Management Standard 1997*
Manage an appraisal or risk assessment of **ALL QHRB systems by 30 June 2006**	30 June 2006	S. 72(3) of *Financial Management Standard 1997*

Obtain **written evaluation** of maintenance and improvement proposals **if it is planned to spend > $1 million on Albion Park Complex** (on its 50% of the complex)	As part of budget approval process	S. 47(1) of *Financial Management Standard 1997*
Prepare **written report to Treasurer of evaluation** of maintenance and improvement proposals **if it is planned to spend > $5 million on Albion Park Complex** (on its 50% of the complex)	Within 6 months of end of financial year	S. 47(4) of *Financial Management Standard 1997*

Register of Gifts
(given and received)

Given or rec'd?	Date given or rec'd	Person and entity to whom gift was given or received from	Board members and/or QHRB staff involved	Description of gift	Reference trail for gifts given (incl. approvals)	Cost of gift given or estimated value of gift received	Present location of gift

Some Principles for Financial Policies

1. Within the limits of staff numbers, separate the duties

Within the constraints of the limited number of staff engaged by QHRB, tasks are separated in a way that minimises financial risk to QHRB and also safeguards the employees.

A practical example…

When Norm Torpey approves an order for an item, normally he would not specify the supplier. Gina would place the order with the supplier for that item, in accordance with established purchasing arrangements. When the item arrives, Kim Lyons might sign the receipt.

Gina would then compile documents in readiness for payment, on the basis that two individuals were involved in the purchase.

After that, Brett reviews the documents and signs-off for payment.

2. Apply fees and charges in accordance with the published rates and collect them by the due date.

As part of this, QHRB staff have an obligation to alert the Accountant to any system weaknesses that allow some clients to be treated more (or less) favourably than others.

3. Ensure expenses can be publicly defended.

One of the CEO's main responsibilities is to make sure that the reputations of QHRB and the harness racing industry are not sullied by scandals about the inappropriate spending of money by employees or board members. All other QHRB staff have an obligation to assist Brett in this task.

4. Verify that assets still exist and, if missing, take appropriate action

The Accountant has to maintain a register of assets and periodically verify that they still exist (or otherwise). QHRB staff have an obligation to assist by providing a reliable paper trail of the whereabouts of the various asserts.