



CALISTHENICS VICTORIA

Financial Policies and Procedures Manual – V1.3

Version Control, Change History and Distribution

Version Control

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| 17 September 2015 | 3.0 | 9.3.2 | Amend valuation of non-current assets from at least annually to every five years. |

Distribution

- Hard copy - all CVI Board Members and all CVI staff
- CVI Website

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1. Policy Statement

- 1.1. To implement and maintain systems of control to ensure that CVI carries out its activities in an efficient and orderly manner, adheres to policies, safeguards its assets and promotes financial sustainability.

2. Purpose

- 2.1. This Financial Policies and Procedures Manual (the Manual) documents the Internal risk management and audit controls adopted by CVI to safeguard assets, secure the accuracy and reliability of accounting data and financial reporting and promote operational efficiency.
- 2.2. CVI is committed to protecting its revenue, expenditure and property from any attempt to gain by deceit, financial or other benefits, by either members of the public, contractors, elected members or its own employees.

3. Definitions

- 3.1 Definitions within this Manual are consistent with Australian Accounting Standards, ATO legislation and ASIC requirements.

4. Legislative and Corporate Requirements

- 4.1 This Manual is to be read and implemented in conjunction with CVI's other relevant policies, strategies and documents, including:
 - 4.1.1 Constitution
 - 4.1.2 Charter
 - 4.1.3 By-Laws
 - 4.1.4 Strategic Plan
 - 4.1.5 Staff Policy Manual
 - 4.1.6 Any other relevant Policies, Manuals or processes

5. Application of Policy

- 5.1 The aim of this manual is to maximise the accuracy and reliability of CVI records by specifying internal control procedures with an emphasis on:
 - 5.1.1 Separation of roles and functions performed by staff
 - 5.1.2 Review and reconciliation of financial records
 - 5.1.3 Detecting and correcting irregularities in a timely manner

- 5.1.4 Access to and security of computer programs and data
- 5.1.5 Access to and security of cash, assets and other CVI resources
- 5.1.6 Sound budget management and variance reporting
- 5.1.7 Ensuring adherence to policies and procedures
- 5.1.8 Containing the risks faced by CVI to an acceptable level
- 5.1.9 Prudent financial governance

6. General Financial Transactions

6.1 Accounting/Bookkeeping

- 6.1.1 CVI accounting records are currently maintained on a cash basis. A full accrual basis will be implemented in the 2014 FY using up to date methods of electronic data processing.
- 6.1.2 The following accounting records will be maintained:
 - 6.1.2.1 Consecutive record of cash receipts and payments
 - 6.1.2.2 General Journal
 - 6.1.2.3 General Ledger
 - 6.1.2.4 Subsidiary Ledgers including Accounts Receivable & Accounts Payable
 - 6.1.2.5 Other records necessary to fully document and explain the financial transactions of CVI
- 6.1.3 Subsidiary ledgers shall be reconciled with the general ledger at least quarterly.
- 6.1.4 Employees working within the accounting function will have the capabilities and training, commensurate with their responsibilities.

6.2 Monies Received

- 6.2.1 Monies received shall be recorded by one entry for each individual transaction. Each transaction must be recorded in the CVI finance system.
- 6.2.2 Each payment received shall be issued with a receipt / 'paid' tax invoice.
- 6.2.3 The receipt / 'paid' tax invoice record shall indicate the mode of payment, i.e. cheque, cash, EFTPOS etc.
- 6.2.4 Cheques received must be crossed "not negotiable".

- 6.2.5 Receipts shall be issued in numerical sequence and generated by the CVI financial system.
- 6.2.6 Cash floats may be issued to a designated CVI staff member for use as change for monies received.
- 6.2.7 Mail will be opened by the designated CVI staff member daily
- 6.2.8 Cheques and cash received through the mail will be processed daily by the designated CVI staff member for banking and receipting.

6.3 Banking

- 6.3.1 Monies received by an employee or volunteer of CVI must be paid into a CVI bank account.
- 6.3.2 Monies received by or on behalf of CVI must be banked as soon as practicable on or after the day of receipt.
- 6.3.3 Detailed records of CVI's banking activities must be kept.
- 6.3.4 Banking shall be reconciled with receipts.
- 6.3.5 In the intervening periods between banking, monies received will be deposited in the safe.
- 6.3.6 Cash held on the premises overnight or receipted at external events shall remain insured to the value as prescribed in the CVI insurance policy.

6.4 Petty Cash

- 6.4.1 Cash payments may be made out of a petty cash account established by CVI for expense reimbursement only. All reimbursements must be accompanied by a receipt.
- 6.4.2 A cash reimbursement cannot, in respect of any particular docket or voucher, exceed \$100 unless authorised.
- 6.4.3 The maximum cash advance for petty cash purposes shall be \$200.
- 6.4.4 The petty cash account shall be reconciled at least monthly.
- 6.4.5 Approval of dockets shall be authorised by the Executive Officer, or in the absence of the eo the CVI Chairperson/President or the Director of Finance.
- 6.4.6 Petty cash transactions shall be recorded and supported by petty cash dockets and receipts
- 6.4.7 Receipts presented to support petty cash purchases must quote the suppliers ABN and/or be a tax invoice where appropriate.

6.5 Bank Accounts

- 6.5.1 Bank accounts will be operated exclusively for the purpose of conducting CVI activities and business.
- 6.5.2 Those presently approved to sign bank accounts are:
 - 6.5.2.1 Chairperson/President - CVI
 - 6.5.2.2 Director of Finance - CVI
 - 6.5.2.3 Executive Officer
 - 6.5.2.4 Audit and Risk Committee Member appointed by the Director of Finance
- 6.5.3 At least two authorised bank signatories are required to authorize third party disbursements from CVI's main operating accounts. For items in excess of the delegated authorities limits outlined in clause 7.2.6 one of these two signatories must be either the Chairperson/President of the Director of Finance.
- 6.5.4 All accounts will be in the name of Calisthenics Victoria Incorporated. New bank accounts can only be opened with the approval of the Director of Finance.
- 6.5.5 Bank reconciliations for each bank account operated by CVI shall be prepared monthly and reviewed by the Executive Officer and the Director of Finance quarterly.
- 6.5.6 Transactional banking is to be carried out through banking institution(s) approved by the CVI Board from time to time.
- 6.5.7 Consistent with CVI's conservative financial profile, CVI will only consider banking with one of the four major national banks.
- 6.5.8 Banking trends and costs will be monitored by the Director of Finance and Executive Officer and a working relationship with the approved banking institution will be maintained.)

6.6 Investment(s)

- 6.6.1 Calisthenics Victoria Incorporated must:
 - 6.6.1.1 Avoid investments that are speculative or of a high risk nature
 - 6.6.1.2 Obtain independent and impartial advice concerning investment and / or the management of investments with the exception of term deposits and at call accounts deposited and held with recognized banking institutions
 - 6.6.1.3 Review the performance of investments at least annually
 - 6.6.1.4 Protect directors and employees from civil liability for an honest act, or

omission, in the exercise of their duties where and when undertaken with proper due diligence, in good faith and without negligence.

- 6.6.2 Investment performance will be reviewed regularly and the outcome will be reported to the CVI Board half yearly (June and December).

6.7 Debtors

- 6.7.1 CVI provides a range of revenue generating services which are purchased by various individuals, clubs and organisations. An invoice must be raised for all services provided within (7) days. This invoice shall remain a debt to CVI up to the time it is paid or written off.
- 6.7.2 Staff will complete a Debtor Invoice Request Form (DIRF) immediately an amount becomes due and payable, and forward it to the CVI Executive Officer for approval.
- 6.7.3 Invoices will be raised upon receipt of a DIRF by the designated CVI staff member.
- 6.7.4 Invoices will be computer numbered and issued in numerical sequence and be GST compliant.
- 6.7.5 Records shall be maintained for all debtors and transactions relating thereto.
- 6.7.6 CVI's standard terms and conditions include payment 30 days from the date of invoice. After 30 days, the amount is considered "overdue". These T&C's may vary from time to time with the express approval of the Executive Officer.

6.8 Debt Collection

- 6.8.1 CVI will apply prudent debt management practices. Outstanding debtor balances shall be reviewed by the Executive Officer and/or the Director of Finance at least monthly and appropriate action initiated to recover debts. This will include:
 - 6.8.1.1 30 Days: First Reminder letter
 - 6.8.1.2 60 Days: Final Notice requesting payment within 14 days
 - 6.8.1.3 90 days: Debtors that fail to pay with 90 days of the invoice date will be referred to the Audit & Risk Committee for further action, as considered appropriate.
- 6.8.2 CVI must ensure that debt is managed in a way which is fair and equitable to the debtor and efficient for both parties. CVI acknowledges that a debtor's financial circumstances can change. As a result, if financial difficulties are experienced or are anticipated, debtors will be encouraged to promptly initiate discussions with CVI to seek alternative arrangements.
- 6.8.3 Should the debtor fail to meet the payment terms without having made contact with CVI regarding difficulties, CVI will reserve the right to invoke debt recovery

procedures to ensure a fair, equitable and consistent approach to all debt follow up. At all times consideration will be given to the amount overdue and the circumstances of the debtor.

6.9 Provision for Doubtful Debts

- 6.9.1 A provision for doubtful debts will be established by resolution of the Audit & Risk Committee based on a review of debtors >60 days that it considers at risk.
- 6.9.2 Outstanding debtor balances shall be reviewed by the CEO and Director of Finance at least quarterly to ensure doubtful debts are adequately provided for and that appropriate follow up activities are undertaken.

6.10 Bad Debts/Write Offs

- 6.10.1 Debts shall be written off only when all reasonable attempts at recovery have been taken and failed.
- 6.10.2 The designated CVI staff member must prepare a recommendation for write off for initial approval by the Executive Officer.
- 6.10.3 Bad debts up to \$500 may be approved by the CVI Executive Officer.
- 6.10.4 A recommendation for write off greater than \$500 shall be made by the Executive Officer to the Audit & Risk Committee following discussion with the person responsible for the raising of the invoice.

6.11 Credit Cards / Store Cards

- 6.11.1 CVI owned Credit Cards and store cards will be provided to persons as approved by the Director of Finance on the recommendation of the Executive Officer and as advised to the CVI Board.
- 6.11.2 Credit cards shall only be issued to the CVI Executive Officer and the CVI Chairperson/President.
- 6.11.3 The corporate credit card recipient must comply with the conditions of use as set out in the "Credit Card Agreement" and "Acknowledgement by Cardholders" that must be signed before the card is issued. This document details limits on usage and conditions relating to documents required to support credit card transactions.
- 6.11.4 Credit card expenditure must be authorised by the card holder, supported by the appropriate documentation with a notation detailing its particulars and be submitted to the Executive Officer for reconciliation with the statement of account monthly.
- 6.11.5 The cardholder will ensure that a satisfactory description of the goods purchased is on the sale docket / tax invoice.
- 6.11.6 The use of a credit card for cash withdrawals is prohibited.

- 6.11.7 The cardholder may permit the use of the store card by a director or other employee for CVI operational related expenses only with prior approval of the Executive Officer.
- 6.11.8 For Fringe Benefit Tax (FBT) purposes, hospitality or entertainment payments which are charged on the credit card must be accompanied by information such as the reason for the function, the number of internal staff and the total number of people in attendance at the function.
- 6.11.9 Where a credit or store card is lost or stolen, the cardholder must immediately report it to the Bank for cancellation and then report this to the Executive Officer, Director of Finance and the CVI Accountant.
- 6.11.10 Any card holder who does not comply with the conditions of use, will have the card withdrawn & may be subject to disciplinary action. The cardholder must return the card immediately should they cease to be a representative of CVI or when so directed by the Director of Finance.
- 6.11.11 Credit Card limits are as follows:
- CVI Chairperson/President – \$3,000
 - CVI Executive Officer – \$3,000
- 6.11.12 Credit card limits may be amended when circumstances require a higher credit limit. Any such increase must be approved by the Director of Finance and advised to the Audit and Risk Committee.
- 6.11.13 Store cards are limited to \$2,000

6.12 Accounts for Payment and Disbursements

6.12.1 Payments must only be made on invoice (not statement).

6.12.1 All invoices submitted for payment shall be certified by a relevant employee as to:

6.12.1.1 The receipt of the goods or services being in accordance with the relevant purchase order

6.12.1.2 The prices charged being accurate, fair and reasonable

6.12.1.3 An appropriate detailed explanation of the expense

6.12.2 All accounts for payment must be GST compliant and if non-compliant shall remain unpaid until GST compliant.

6.12.3 A payment on behalf of CVI shall be made:

6.12.3.1 By Electronic Funds Transfer (in the first instance), or cheque drawn on the CVI bank (in the second instance); or

6.12.3.2 by Direct Debit (where prior approval has been given by the Executive

Officer or Director of Finance).

- 6.12.4 Unused cheques shall be in the custody of the Director of Finance who shall maintain a register.

6.13 Loans/Borrowings

- 6.13.1 There will be no borrowings for asset replacement / renewal and / or extraordinary items unless approved by the CVI Board on the recommendation of the Audit & Risk Committee.
- 6.13.2 A register of loans raised by CVI will be maintained by the CVI staff.

6.14 Fringe Benefits Tax

- 6.14.1 Fringe Benefits Tax (FBT) is paid on benefits in place of, or in addition to, salary or wages of employees.
- 6.14.2 Fringe benefits provided are required to be reported on an employee's annual PAYG payment summaries. As the FBT year is not aligned with the financial year, the benefits reported on payment summaries is for the preceding FBT year.
- 6.14.3 CVI will comply with the relevant FBT legislative requirements.

6.15 Goods and Services Tax

- 6.15.1 CVI's ABN is 19 319 361 645.
- 6.15.2 CVI must comply with all relevant GST legislation.
- 6.15.3 With the exception of participants and volunteers, CVI will only deal with suppliers who have an Australian Business Number (ABN) or suppliers who are prepared to sign a "Statement by Supplier" tax declaration. A register will be kept of all suppliers who have signed this declaration by the Executive Officer.
- 6.15.4 For purchases of goods and services exceeding \$75 and which attract GST, CVI must obtain a compliant Tax Invoice. For amounts less than \$75 an account detailing items supplied with total GST is sufficient.
- 6.15.5 All invoices for CVI supplies costing more than \$75 and which attract GST must be compliant Tax Invoices.

6.16 Auditor Policy

- 6.16.1 CVI's Auditor shall be appointed by the members by resolution at the Annual General Meeting.

6.16.2 The Audit & Risk Committee is responsible for monitoring the performance of CVI's Auditor.

6.16.3 The Audit and Risk Committee should meet with the Auditor each year to discuss their findings and recommendations.

6.17 Annual Budget/Annual Business Plan

6.17.1 The annual CVI budget must include all relevant major projects that will be undertaken in that budget year.

6.17.2 All CVI Committees have the responsibility to submit their budget proposal for the following year to the CVI Executive Officer no later than the end of September for review and consolidation into the overall CVI Budget.

6.17.3 The CVI Executive Officer will delegate staff resources and provide financial information from the myob system to assist with budget development where appropriate.

6.17.4 The budget will be prepared on an organisational/portfolio basis, deal with each activity on a separate basis and must comply with recognized accounting standards and principles

6.17.5 The Audit & Risk Committee will review and approve the Annual Budget (Cash Flow and Profit & Loss Statement) by the end of October in preparation for the next for approval by the CVI Board.

6.17.6 CVI's annual budget will be prepared giving due consideration to the "Strategic Plan" which will address the activities CVI intends to undertake in the next year.

6.17.7 The budget will reflect likely changes to operational and organisational structure for the next budget period.

6.17.8 The following budget principles will underpin the budget development:

6.17.8.1 Strategic Approach - to the delivery of CVI services within CVI's strategic priorities

6.17.8.2 Long Term Financial Planning - with long term financial plans to ensure sustainability of operations

6.17.8.3 Meet long term liabilities - and ensure appropriate funding for infrastructure provisions

6.17.8.4 New Initiatives are to be fully costed and evaluated in terms of meeting CVI's strategic priorities

6.17.8.5 Financial Control - to minimise CVI's exposure to risk

6.17.9 Performance against budget will be monitored monthly by the Executive Officer.

6.17.10 The Executive Officer will present to CVI Board monthly, a report that compares budgeted performance to actual performance with explanations for material budget variances.

- 6.17.11 All Committees/sub committees must provide a monthly report (during the life cycle of the project) of actual expenditure and revenue compared to budget for projects within their responsibility, to the Director of Operations/Competition. Material variations from budget must be reported to the CVI Board on a monthly basis by the Director of Operations/Competition.

7. Purchases

7.1 Purchasing, Quotations and Tenders

- 7.1.1 Where the expected outlay for goods or services exceeds \$5,000, CVI must obtain tenders or quotations for the supply of goods, the provision of services or the carrying out of works; where possible 3 quotations should be obtained.
- 7.1.2 Procurement will be undertaken by CVI in a way which:
 - 7.1.2.1 Encourages purchases being made in an open, fair and transparent manner
 - 7.1.2.2 Facilitates achieving value for money in the acquisition through the most appropriate provider
 - 7.1.2.3 Ensures open and effective competition
 - 7.1.2.4 Supports environmentally safe and sustainable procurement
 - 7.1.2.5 Appropriately manages risks
 - 7.1.2.6 Promotes efficient purchasing practices and their continuous improvement
 - 7.1.2.7 Encourages local and Australian businesses
 - 7.1.2.8 Encourages the maintenance of assets at high standards in the most cost effective manner
 - 7.1.2.9 Ensures the integrity of all procurement processes conducted by CVI
 - 7.1.2.10 Provides a fair and transparent process for calling tenders and entering into contracts in those circumstances
- 7.1.3 Cost is not the only factor in assessing and determining value for money. Other factors for consideration may include (but not be limited to):
 - 7.1.3.1 Performance history of each prospective supplier
 - 7.1.3.2 Flexibility to adapt to possible change over the lifecycle of the property or service
 - 7.1.3.3 Evaluation of contract options (for example, contract extension options)

7.1.4 Ethical Behaviour

- 7.1.4.1 Employees and Directors involved in procurement should act in an ethical way which encompasses the concepts of honesty, integrity, probity, diligence, fairness, trust, respect and consistency and the declaration of any possible, perceived or actual conflict of interest

7.2 Purchase of Property, Goods and Services

7.2.1 All CVI purchases other than low value (up to \$500) purchases made on CVI authorised credit or store cards or petty cash, are only to be made on CVI issued purchase orders.

7.2.2 No CVI employee, director or volunteer is to commit CVI funds to a supplier without an authorised CVI Purchase order. Any such commitments are deemed a prohibited commitment of CVI funds.

7.2.3 Purchase Orders will be:

- 7.2.3.1 Approved by the relevant person with authority to incur expenditure on behalf of CVI

- 7.2.3.2 Retained electronically on the system.

7.2.4 A list of preferred suppliers who have demonstrated high quality, dependability and value for money will be maintained.

7.2.5 Before a CVI purchase order is authorised it is to include an estimate of the cost of the goods and services so ordered and the appropriate general ledger account number for costing purposes.

7.2.6 Budgeted items shall be deemed to have been authorized by the CVI Board at the time of setting the budget. When exercising purchasing delegation relating to unbudgeted items the following limits must be observed:

| PERSONNEL | ITEM LIMIT |
|----------------------------------|-------------------|
| EO | \$1,500 |
| CVI President/Chairperson | \$1,500 |
| Director of Finance | \$1,500 |

7.2.7 The competitiveness of any quotation / tender shall be evaluated on the following basis:

- 7.2.7.1 All facets of the supplier's offer including price, quality, usability, environment procurement and sustainability, delivery and the willingness of the supplier to accept CVI's terms and conditions of purchase

- 7.2.7.2 Standardisation and compatibility with other CVI equipment

- 7.2.7.3 The expected life, anticipated running and maintenance costs, the willingness of the supplier to guarantee ready availability of parts and servicing and the likely disposal value of equipment offered
- 7.2.8 Purchasing practice will be designed to minimise inventory stock. The holding of items in stock will be based on cost effectiveness and / or the need to hold essential or scarce items. Stock inventories will work on the “just in time” principle.
- 7.2.9 In addition to the above policies the following principles will be applied:
 - 7.2.9.1 Quotations / tenders should encourage open, transparent and effective competition for CVI’s business
 - 7.2.9.2 CVI must be, and must be seen to be, a fair and even-handed purchaser by all existing and potential suppliers and the public
 - 7.2.9.3 The confidentiality of suppliers and tenderers is to be protected where possible. Adequate safeguards must apply to secure the confidentiality of tenderers. All information provided between the tenderers and CVI shall be treated as confidential and both the tenderer and CVI shall maintain such information as confidential and commercial in-confidence.
 - 7.2.9.4 CVI should endeavour to combine major purchase requirements with other CVI purchases where it is advantageous to do so with the same supplier
 - 7.2.9.5 Where the purchase of goods, materials or plant and equipment involves implications for the safety, health and welfare (OHS&W) of CVI’s employees, the employees involved will be consulted prior to the purchase. The OHS&W Risk Management Representative should be consulted (where applicable) prior to purchase.

7.3 Contracting Out

- 7.3.1 CVI will provide services in the most effective manner possible using either contractors or CVI employed labour, whichever is appropriate and always subject to the ability to deliver excellence. CVI will take into account the need for specialist short term skills and equipment needs and balance against the need to maintain a strong CVI employed skills base. This will enable the provision of a range of services and the provision of good community governance.

8. Salaries and Wages

8.1 Payroll

- 8.1.1 Records will be maintained in respect of all employees
- 8.1.2 Salaries and wages will be paid on a fortnightly basis in accordance with individual employment contracts. Salaries and wages will be paid on the basis of hours of attendance recorded on an approved time sheet for all ad hoc / casual employees.
- 8.1.3 All claims for the accrual of Time in Lieu (TIL) must be authorised by the Executive Officer before being paid. Time in Lieu will accrue in accordance with individual employment contracts.
- 8.1.4 All annual leave and long service leave must be applied for in writing by employees and authorised by the Executive Officer prior to commencement of leave.
- 8.1.5 All sick leave must be authorised by the Executive Officer as soon as practical after the period of absence, and will be paid in accordance with CVI's Employment Policy and / or the relevant award.
- 8.1.6 CVI may make payments of cash advances against salaries or wages earned but unpaid. No advance shall exceed the amount of salary or wage earned in the next pay period. Any such payment is to be approved by the Director of Finance or Executive Officer prior to payment.
- 8.1.7 The employment procedures outlined in CVI's Staff Policy Manual **(to be developed)** must be followed before new employees are entered into CVI's payroll.
- 8.1.8 Payroll deductions on behalf of employees will be limited to:
 - 8.1.8.1 Statutory deductions
 - 8.1.8.2 Court Ordered Deductions
 - 8.1.8.3 Other Deductions as outlined in employment contracts
 - 8.1.8.4 Other authorised deductions by the Executive Officer

9. Accounting for CVI Assets - Property, Plant, Equipment Infrastructure

9.1 Definition of a Fixed Asset

- 9.1.1 Where the future economic benefits of an asset are expected to occur over a period spanning more than one financial year and the purchase price / cost value exceeds \$1000, the asset will be recognised as a "non-current" asset in CVI's balance sheet.
- 9.1.2 Acquisition costs of assets which total less than \$1,000 will be treated as operating expenses.

9.2 Initial Recognition

- 9.2.1 Assets are recognised at the lower of cost or net realisable value except where a note to the accounts provide for an alternative treatment. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by CVI includes the cost of all materials used in construction and direct labour on the project.
- 9.2.2 Capital works still in progress at balance date are recognised as other non-current assets (under Works In Progress) and transferred to infrastructure, property or plant & equipment when completed and ready for use.

9.3 Subsequent Recognition

- 9.3.1 Certain assets may be re-valued on a regular basis such that the carrying values are not materially different from fair value.
- 9.3.2 The value of non-current assets, other than receivables and investments, are to be reviewed at least every five years. If at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset will be re-valued regardless of when the last valuation took place.
- 9.3.3 Revaluation increments arising upon revaluing the above mentioned non-current asset classes to their depreciated replacement cost are credited directly to the asset revaluation reserve.
- 9.3.4 Where assets are re-valued to depreciated replacement cost, (adjusted to reflect the present condition of the assets) and not by reference to current prices for assets newer than those being re-valued, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are increased or decreased by the revaluation increments or decrements.

9.4 Depreciation of Non-Current Assets

- 9.4.1 Straight line depreciation is used for all non-current assets on the basis that the economic benefits, being the service provided by the asset, are generally used in a uniform manner throughout the asset's useful life.
- 9.4.2 In accordance with AASB 116 – Property, Plant & Equipment, depreciation of an asset will begin from the time the asset is available and ready for use. In the case of contributed assets, depreciation will begin from the time of handover to CVI of those assets.
- 9.4.3 Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over the useful life in a manner which reflects the consumption of the service potential embodied in the asset.

9.4.4 Major depreciation periods for each class of asset are shown below.

| ASSET CLASSIFICATION | USEFUL LIFE |
|----------------------|---------------|
| BUILDINGS | 40 years |
| FURNITURE & FITTINGS | 5 to 10 years |
| OFFICE EQUIPMENT | 3 to 5 years |

9.5 Disposal of Fixed Assets

- 9.5.1 All non-current assets will be removed from the asset register on disposal.
- 9.5.2 When an asset is sold and its selling price varies from the carrying amount in the balance sheet, a gain or loss on disposal will be recognised directly to the Income Statement.
- 9.5.3 When an asset disposed of has been subject to revaluation, the net increment in the asset revaluation reserve relating to the disposed asset will be transferred to Accumulated Funds.
- 9.5.4 Partial renewal / replacement of an asset is recognised by adding the renewal / replacement cost to the existing asset value. The useful life of the asset will be adjusted, if necessary, at the time of reviewing the useful lives.

9.6 Capitalisation Threshold

- 9.6.1 The following table provides guidance when determining whether expenditure is either capital or operating in nature. These limits are subject to change based on ATO legislation and/or accounting standards that may change from time to time.

| | Operating/Maintenance (<\$1000) | Capital (>=\$1000) |
|---|---|---|
| IT & Office Equipment / Furniture & Fittings | <ul style="list-style-type: none"> Expenditure <\$1,000 for individual hardware/furniture assets or assets that cannot be easily grouped. Annual software licence and maintenance fees and all minor upgrades to core operating systems. | <ul style="list-style-type: none"> Expenditure >=\$1,000 for individual hardware/furniture assets, or assets that can be easily grouped. Costs associated with the purchase or major upgrades of core operating systems. |
| Signs | <ul style="list-style-type: none"> Repairs to existing signs. | <ul style="list-style-type: none"> All new signs. Complete replacement of existing signs. |
| Land | <ul style="list-style-type: none"> Landscaping to otherwise arable land that is intended to keep the asset in service | <ul style="list-style-type: none"> Landscaping to improved land that extends the life of the asset. |

| | | |
|------------------|---|--|
| | <p>but does not extend the life of the asset.</p> <ul style="list-style-type: none"> • All maintenance of landscaping structures. • Renewal of mulch and garden beds. | <ul style="list-style-type: none"> • Landscaping to otherwise arable land that extends the life of the asset. |
| Buildings | <ul style="list-style-type: none"> • All maintenance of any component of the building. | <ul style="list-style-type: none"> • Any structural addition to the building that extends the life of the asset. • Repairs/renewal that extends the life of the asset. |

9.7 Asset Register

- 9.7.1 An asset register will be kept and maintained in accordance with acceptable accounting standards.
- 9.7.2 A register will be kept of all portable items regularly removed from the office premises for the purpose of conducting events.

(Valuable portable items which are more likely to be subject to loss due to theft or misplacement shall include items such as cameras, portable TV's, videos and communication equipment.)

9.8 Hiring of Properties and Equipment

- 9.8.1 A record of property hire under the care, control and management of CVI will be maintained giving particulars of each hiring and the amount paid as a refundable security deposit and hire fee.
- 9.8.2 A monthly reconciliation of deposits held by CVI shall be carried out by the Executive Officer.

9.9 Sale and Disposal of Land and other Assets

9.9.1 Sale of Land

- 9.9.1.1 The sale or disposal of CVI land will be subject to a separate resolution of the CVI Membership in every instance.
- 9.9.1.2 The process for the sale and disposal of land and other assets will be fair and transparent to ensure CVI obtains the best outcome and price.

- 9.9.1.3 Unless the CVI Board resolves otherwise the procedure to be used for selling land will be by quotation from not less than three (3) estate agents.

9.9.2 Sale of Other Assets

- 9.9.2.1 Other assets such as plant and equipment surplus to requirements will be offered for resale or traded-in on new items.

10. Registers

10.1 The asset register is the primary financial register for CVI.

10.1.1 Additional Registers shall also be maintained for the following information:

- 10.1.1.1 Insurances
- 10.1.1.2 Personnel
- 10.1.1.3 Delegation of authority

10.2 Insurance

10.2.1 Identified insurable risks will be covered with a policy of insurance.

10.2.2 The extent of cover, both risk and sum insured, shall be reviewed at least annually by the Audit and Risk Committee.

10.2.3 Cover will include, as required:

- 10.2.3.1 Special risks
- 10.2.3.2 Consequential loss
- 10.2.3.3 Public liability
- 10.2.3.4 Members, officers, volunteers, Directors and employees
- 10.2.3.5 Professional Indemnity
- 10.2.3.6 Fidelity guarantee
- 10.2.3.7 Cash in transit/on premises
- 10.2.3.8 Computer equipment
- 10.2.3.9 Workers Compensation
- 10.2.3.10 Accident and sickness

11. Computing/Electronic Accounting

11.1 Corporate Accounting Database

11.1.1 MYOB accounting and payroll software is the standard financial system support for CVI.

11.2 Security

11.2.1 Security of the general and subsidiary ledgers is implemented at both the hardware and software levels. Initial access to the system is restricted by individual user code and password validation. Access to the database is restricted by system access routines.

11.2.2 Access to application programs in the financial and rating systems is restricted by relevant module securities per employee and database access security.

11.2.3 The relevant securities for specific modules are set for employees working in the specific accounting areas of creditors, debtors, payroll, general ledger, receipting and rate accounting. Employees in the above areas have full access to the respective module's programs and can perform enquiry, reporting, data entry, processing and maintenance of financial records.

11.2.4 Employees outside these specific financial and rating areas are restricted to enquiry and reporting access only.

11.3 System Integrity

11.3.1 System integrity is maintained through the use of audit logs and reports. In addition a comprehensive system of data backups and system redundancy mean that recovery from either a system failure or potential disaster situation can be performed.

11.4 System Backup

11.4.1 The entire database is fully backed up overnight (offsite) with progressive incremental backups throughout the day.

12. Financial Records

12.1 Record Keeping

12.1.1 All records of financial transactions will be kept and maintained in accordance with prescribed requirements and general accounting standards.

12.1.2 Records will be taken to include both hard copy records and records stored

electronically.

12.1.3 Records will be managed in the following manner:

12.1.3.1 Bank Account Records

| | | |
|------------|--------------------------|-------------------------------|
| 12.1.3.1.1 | Cheque Duplicates | Destroy after seven (7) years |
| 12.1.3.1.2 | Cancelled Cheques | Destroy after seven (7) years |
| 12.1.3.1.3 | Cheque/EFT Listings | Destroy after seven (7) years |
| 12.1.3.1.4 | Register of Cheque Forms | Destroy after seven (7) years |
| 12.1.3.1.5 | Bank Deposit Forms | Destroy after seven (7) years |
| 12.1.3.1.6 | Bank Statements | Destroy after seven (7) years |
| 12.1.3.1.7 | Deposit Cheque Listings | Destroy after seven (7) years |
| 12.1.3.1.8 | Bank Reconciliations | Destroy after seven (7) years |

12.1.3.2 Debtors

| | | |
|------------|---------------------------------|-------------------------------|
| 12.1.3.2.1 | Debtors Invoice | Destroy after seven (7) years |
| 12.1.3.2.2 | Debtors Credit Note | Destroy after seven (7) years |
| 12.1.3.2.3 | Debtors Trial Balances | Destroy after seven (7) years |
| 12.1.3.2.4 | Debtors Ledger | Destroy after seven (7) years |
| 12.1.3.2.5 | Debt Recovery Correspondence | Destroy after seven (7) years |
| 12.1.3.2.6 | Receipts | Destroy after seven (7) years |

12.1.3.3 Ledgers and Journals

| | | |
|------------|----------------------------|-------------------------------|
| 12.1.3.3.1 | Subsidiary Ledger Journals | Destroy after seven (7) years |
| 12.1.3.3.2 | General Ledger Journals | Destroy after seven (7) years |
| 12.1.3.3.3 | Subsidiary Ledgers | Destroy after seven (7) years |

12.1.3.4 Creditors

| | | |
|------------|---------------------------|-------------------------------|
| 12.1.3.4.1 | Petty Cash Reconciliation | Destroy after seven (7) years |
|------------|---------------------------|-------------------------------|

| | | |
|------------|--|--|
| 12.1.3.4.2 | Petty Cash Vouchers | Destroy after seven (7) years |
| 12.1.3.4.3 | Creditors Invoices | Destroy after seven (7) years |
| 12.1.3.4.4 | Creditors Ledger | Destroy after seven (7) years |
| 12.1.3.4.5 | Creditors Trial Balances | Destroy after seven (7) years |
| 12.1.3.5 | Financial Statements | |
| 12.1.3.5.1 | Annual Statement of Accounts - Certified Copy | Retain Permanently |
| 12.1.3.5.2 | Auditor's Report | Retain Permanently |
| 12.1.3.6 | Payroll | |
| 12.1.3.6.1 | Time Sheets | Destroy after seven (7) years |
| 12.1.3.6.2 | Personnel Records | Destroy after seven (7) years |
| 12.1.3.6.3 | Workers Comp Claims | Destroy seventy-five (75) years after date of birth or seven (7) years after leaving |
| 12.1.3.6.4 | Payment Summary Duplicates | Destroy after seven (7) years |

12.2 Long Term Financial Plan

- 12.2.1 A Long Term Financial Plan will be developed as part of CVI's strategic management planning processes. The plan will provide a long term financial projection for a period of no less than 5 years and will be reviewed at least annually.
- 12.2.2 The Long Term Financial Plan will align with CVI's strategic directions document and should form the basis for the annual budget each year.
- 12.2.3 Assumptions used in developing the plan will be reviewed yearly and updated in conjunction with CVI's annual budget development process.
- 12.2.4 The assumptions used in developing the plan should address at a minimum CVI's position on debt levels, the management of the assets, revenue increases and specific operational expenditure strategies.
- 12.2.5 The Long Term Financial Plan should comprise:
- 12.2.5.1 Estimated Income Statement

- 12.2.5.2 Estimated Balance Sheet
- 12.2.5.3 Estimated Cash Flow Statement
- 12.2.5.4 Estimated Statement of Changes in Equity
- 12.2.5.5 Estimated Budget Funding Summary
- 12.2.5.6 Capital & Project Expenditure Project Listings

12.3 Statutory Financial Reporting

- 12.3.1 Annual financial statements shall be prepared in accordance with applicable Australian Accounting Standards and other applicable standards or regulations.
- 12.3.2 Audited financial statements will be presented to the CVI AGM for adoption not later than 31st May each year.
- 12.3.3 Audited financial statements will be submitted to ASIC and to other bodies as prescribed in CVI's distribution Policy Log
- 12.3.4 A summary of significant Accounting Policies for the purpose of preparing the annual audited financial statements will be contained in the Notes to the Accounts in the Annual Report.

12.4 Procedures for the Certification of the Annual Financial Statements

- 12.4.1 The Executive Officer will prepare draft statements for submission to the Audit & Risk Committee and for the external auditor.
- 12.4.2 The Audit & Risk Committee will review the draft statements to ensure that they present fairly, the affairs of CVI. This review will be conducted independently of the external audit. However, it is anticipated that the Audit & Risk Committee will have the benefit of any information available (informal or otherwise) on particular matters raised by the auditor up until the time of the review. Any suggested changes will be provided to the Executive Officer.
- 12.4.3 Following the external audit, the Executive Officer and auditor will propose any necessary amendments to the draft statements, which will be referred to the Director of Finance for consideration.

13. Reviews

- 13.1 This Manual will be reviewed in line with CVI's Strategic Plan and other adopted policies as required.

14. Further Information

- 14.1 For further information about the Accounting Policies and Procedures Manual please contact the Director of Finance or the Executive Officer.